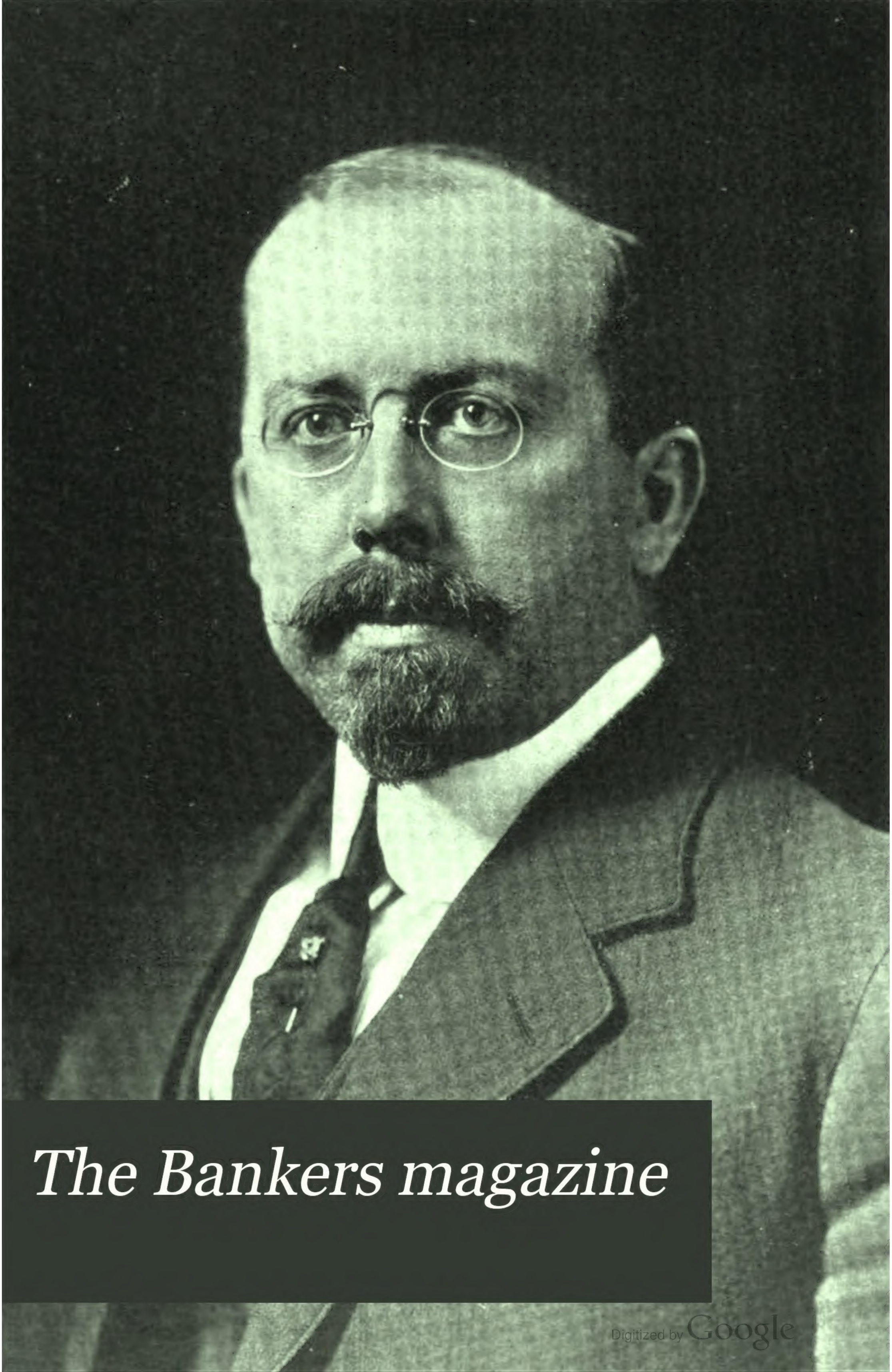

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O. H. CHENEY

NEW SUPERINTENDENT NEW YORK STATE BANKING DEPARTMENT

O. H. CHENEY

New Superintendent New York State Banking Department.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR | JANUARY, 1910 | VOLUME LXXX, NO. 1

FUNDAMENTALS OF BANKING AND CURRENCY REFORM.

DEALING with the subject of "Banking and Currency Reform," in his Annual Report on the Finances, the Secretary of the Treasury says:

"At present we have neither an adjustable currency nor trustworthy surplus reserves, two absolutely essential features of any banking system upon which the finances and the commerce of this great nation can securely rest. To secure these essentials—to speak of no others—the looked-for reform must deal with fundamentals."

Secretary MacVeagh for reasons stated, and which will be quoted later, does not enter upon a discussion of these fundamentals.

But we think it may be profitable to consider them, for before very long they are bound to occupy a prominent place in the public mind.

What, then, are the "fundamentals" of banking and currency reform?

First in importance we should put an honest attitude of mind in dealing with these questions.

And by that we mean a disinterested purpose to adapt the currency and banking systems to the needs of the people of this country, not to create a system that will serve private interests, nor on the other hand to make unsound concessions born of political cowardice.

The first of these desiderata may be had whenever the leaders in the House and Senate are made to understand that they are the servants of the people, not their masters.

And the second may be had whenever the people are so educated in respect of sound banking and currency laws that they will demand them and be satisfied with nothing else.

Having progressed thus far—and no substantial progress ever will be made until these ends are attained—we may examine other "fundamentals" of banking and currency reform.

Next in importance to the things stated, we should regard the placing of the country's bank credits—deposits and notes—directly upon the gold standard.

That basis does not exist at present, except in part.

Bank notes are not based upon gold at all, but upon bonds (Government bonds actually, but provision is made for the use of other classes of bonds in case of emergency).

Deposit credits are based upon gold, silver, legal-tender notes, and even upon bank notes (this is especially true as regards the deposits of State banks and trust companies).

So long as full legal-tender money exists in a form other than gold, it can not be expected that no use of it will be made as bank reserves.

Bank credits can never be based upon gold alone until the country rids itself of legal-tender notes, legal-tender silver dollars, and of bond-secured bank notes.

The primary step in a legislative programme will have to concern itself with the placing of all bank credits (deposits

as well as notes, and State bank credits as well as national bank credits,) upon the gold basis.

Until this is done speculation and inflation can not be checked, the discount rate can not be regulated—even by a central bank—and there can be no proper expansion and contraction of currency and credit.

The reserves are perhaps next in importance.

Having decided upon gold as the only proper form of reserve, the question arises, Where shall it be kept?

Whether in the bank's vaults, or with reserve agents, it must be available without disturbing the money market.

Either the banks themselves must keep their reserves in their own vaults, or the reserve banks must have capital enough to enable them to keep a reserve large enough, either in the form of gold or of foreign bills, that they may be able to meet the demands of their correspondents for rediscounts or for cash without creating a panic.

These seem to our view fundamentals of banking and currency reform.

Other things may be desirable, even necessary; such as the delimitation of spheres of banking—that is, getting the commercial and reserve banks out of the entanglements of Stock Exchange speculation and indirect promoting; providing for better bank examinations; for the segregation of savings funds; conferring trust company functions on all commercial banks (or, on the other hand, depriving trust companies of banking privileges).

Some of these reforms may not be had without legislation, and this can not be expected until the people come to understand their desirability. Others might be put into effect by the banks without waiting for new laws, but whether this will be done may well be doubted.

As to what direction legislation should take, that is a problem for the statesman. We should only venture to suggest that progress may be made most readily along the line of least resistance. We believe, for instance, that it would be easier and better to adapt the reserve city banks themselves to meet banking needs rather than to introduce a central bank or any other new form of organization.

SECRETARY MACVEAGH'S annual report has the following to say in regard to "Banking and Currency Reform":

"It is not necessary and not appropriate for the Secretary of the Treasury at this time to discuss the plan of banking and currency reform. The necessity for such reform is universally recognized, and when the time is ripe it will be the duty of the Treasury Department to express its judgment. Meanwhile the initiative in this important legislation was committed by the Congress to its Monetary Commission, and until that commission has reported it will be the policy of the department to preserve an open mind. The question has been and still is growing. The reform of our currency system has enlarged itself into the reform of our banking and currency systems, which brings into contemplation not merely the national banks, but the State banks in their three divisions—commercial banks, trust companies, and savings institutions. It is to be hoped that the extent and gravity of these broad readjustments will induce a public demand for calm and disinterested treatment of the issues and a public recognition of the profound importance of a rational, harmonious agreement. Neither political partisanship nor special interest nor pride of opinion should be allowed to obstruct a purely economic reform of such great significance to the nation in both its national and international relations. The change, when it comes,

and whatever it may be, must be at any rate fundamentally right. It is better by far that there shall be no change whatever than that it shall be another makeshift. We must have at least the beginning of a permanent system. At present we have neither an adjustable currency nor trustworthy surplus reserves, two absolutely essential features of any banking system upon which the finances and the commerce of this great nation can securely rest. To secure these essentials—to speak of no others—the looked-for reform must deal with fundamentals."

While any proposals that come from the commission will be received by many persons with distrust, it is just as well, as the Secretary says, "to preserve an open mind." Something good may come out of Nazareth.

Secretary MacVeagh shows a proper appreciation of the scope of the problems to be met, and we think he quite wisely refrains from putting forth any plan of his own. He says, very justly as we believe, that the change in our banking and currency systems, "when it comes, and whatever it may be, must be at any rate fundamentally right." "It is better by far," he says, "that there shall be no change whatever than that it shall be another makeshift."

Of "makeshifts," of one sort or another, we have certainly had enough. That a thorough-going reform of our imperfect banking and currency systems may be had all at once implies a pretty large degree of faith on the part of those who hold that view. We most earnestly hope their expectations may be fulfilled to the utmost.

Sound currency and banking legislation will probably come finally as a result of an overwhelming demand for it. But this demand can hardly be looked for until the public understand just what is needed. In other words, the defects will have to be plainly understood and set forth prior to intelligent action.

Education of a large electorate in the principles of money and banking is no small task, but that is what will have to be done. Though the proposed publications of the Monetary Commission appear to us (with a few exceptions) to be rather bulky and technical, they will at least start the ball rolling.

WHERE the Secretary of the Treasury is not a member of the House, his influence in shaping financial legislation falls short of what it might be. The British Chancellor of the Exchequer occupies a much more influential position, so far as concerns his power in shaping legislation, than the Secretary of the Treasury.

Possibly some of the Treasury Department employees, and even the chiefs of bureaus, may be disposed to fear that under any radical changes in the existing currency and banking systems they might have their importance diminished. This may lead them to oppose any very radical reforms. The influence which department officials and employees may exercise in shaping legislation is by no means a negligible factor. These individuals are always on the ground and generally have the ears of Senators and Representatives. But it is likely, however, that public sentiment will be so thoroughly aroused in favor of better banking and currency laws that it can not be resisted.

From the actions and utterances of Secretary MacVeagh it appears that the weight of his influence will be thrown in favor of the soundest measures only.

FOR the fiscal year ending June 30, 1910, the Secretary of the Treasury estimates ordinary receipts at $648,000,000, and the ordinary dis-

bursements at $682,075,620.12, leaving a deficit of $34,075,620.12 in the ordinary receipts. To this sum is added $38,000,000 to be paid out on account of the Panama Canal and $1,000,000 for miscellaneous redemptions of the public debt, making a total deficit of $73,075,620.12. For the fiscal year 1911 the Secretary makes a better showing, figuring out a surplus of $35,931,327.49 in the ordinary receipts, and a deficit of only $12,132,197.21, including Panama Canal appropriations.

The Secretary strongly urges economy, and favors a more scientific method of making appropriations.

RECOMMENDATIONS made by the Secretary of the Treasury in regard to the tax on bank circulation are likely to be enacted into law. They are as follows:

"I respectfully recommend that the tax on bank circulation, secured by United States bonds hereafter deposited, be continued at the rate of one-half of one per cent. per annum for circulation based on two per cent. bonds, but that the tax on circulation secured by United States bonds hereafter deposited bearing rates of interest higher than two per cent. shall be increased in exact proportion to the increase of the rate of interest above two per cent. So that, for example, the tax on circulation secured by two and one-half per cent. bonds would be one per cent. per annum, by three per cent. bonds one and one-half per cent. per annum, and so on, it being understood that the tax on circulation secured by existing bonds bearing three or four per cent. interest, and now on deposit to secure circulation, would not be affected.

"This would complete the availability of the Panama bonds authorized by the law of August 5, 1909. These bonds, as the law now stands, if issued at three per cent. would have a much better circulation privilege than the outstanding two per cent. bonds, the tax being only one per cent.; and their issue, therefore, would constitute a discrimination against the two per cents. that the Government could not justly contemplate. The circulation privileges of any new issues should certainly not be better than those of the two per cents.; but a parity would, I think, be sufficient protection to make good for the time being the imperative moral obligation of the Government to see to it that the market value of these two per cents. does not unduly decline because of their abnormally low rate of interest.

"At the same time it is desirable to thus complete the legislation respecting the new authorization of Panama bonds, so as to carry out the intention of Congress to make them available. The indebtedness of the Panama Canal to the general fund of the Treasury now amounts to $97,069,649.26 and the continuing outlay for construction adds to the drain upon the general revenues. It is desirable that the settlement of this account should be at least begun; and that the expressed policy of the Government to pay the cost of the canal from the proceeds of bonds in order that the next generation or two shall share with this in the cost of the great enterprise, should be secured and established. If the sale of any part of these bonds for the repayment of the general fund should produce more cash than the Treasury balance needs, there might be bought in the market for the sinking fund some of the two per cent. bonds. Such a purchase—though of no great amount—should tend to keep the market price of these bonds, now unduly depressed, above par—a favorable condition to which the Government can not be indifferent. It might also have effect as an approach toward some present elasticity in the national bank currency. The two per cent. bonds are nearly all

held by the banks, mostly as a basis for circulation; and the banks would face so much loss in an attempt to dispose of them in addition to the heavy sum, estimated at $25,000,000, which they have already lost on them, that the influence of the situation is decidedly against the retirement of circulation. The present condition of the national bank circulation is therefore as unresponsive as it has ever been at any time; and any influence, however limited, that should tend to relax this currency rigidity would be an advantage."

That bonds bearing a high rate of interest should be discriminated against in favor of bonds bearing a lower rate, when used as a basis for bank circulation, certainly emphasizes the defects in the method adopted in securing the issues of the national banks. Of course, the Secretary of the Treasury is in nowise responsible for these conditions. "It is, in my judgment," he declares, "high time for the Government to realize that it does not have a two per cent. borrowing power and has never had. * * * Possibly it would have been better never to have issued two per cent. bonds or bonds at any rate of interest below the borrowing power of the Government in the open investment market."

RESPONSIBILITY for our imperfect banking and currency legislation is placed upon the bankers by the New York "Tribune," which says:

"The record of American bankers in general on the currency question does not do them much credit. As a class, instead of being leaders in the dissemination of sound ideas, they have in the past only with difficulty agreed upon a makeshift programme. While there are among them, especially among those of the leading cities, many men who comprehend the theory of banking and finance, the average American banker is simply a business man. He knows whose credit is good in his community and to what extent it is safe to discount a client's paper, and in general the practical details of banking, but of its principles he knows little or nothing. Propose any other kind of bank note than the familiar bond-secured note, and he is all at sea. Suggest such an institution as a central bank, and a thousand doubts assail him, especially if he comes from some country place in the West and is troubled by the sectional bogy.

By agreement on a "makeshift programme" does the "Tribune" refer to the Aldrich-Vreeland law, which was unsparingly condemned by practically every banker in the United States? The responsibility for that vicious measure rests upon the shoulders of those who were leading the Republican party, and nowhere else.

The statement that the average banker is all at sea when you propose any other kind of bank note than the familiar bond-secured bank note, is amusing. Does the "Tribune" not know that at the convention of the American Bankers' Association, held in Denver last year, the following report was presented by the Currency Commission and adopted unanimously:

"Credit currency, commended in your Commission's first report, and approved by this association at its last convention, had further proof of its soundness in principle and efficiency in operation in those countries having such a currency during the world-wide crisis of last fall. While maintaining open minds as to the best method of its incorporation into our own banking system, it is our belief that a currency based on this principle, so safe and efficient in the experience of other nations, will be found essential in our own system."

And as to "makeshift legislation," this same report declared:

"It was the conviction of the Commission, based upon experience and the study of the history of periods follow-

ing previous panics, that no financial panic could immediately follow the crisis of last fall, and that it was the part of wisdom to enact no makeshift legislation, lest such an enactment for the purpose of supposed temporary relief should prove a serious stumbling-block in the way of legislation for the comprehensive and fundamental correction of the grave defects of our banking and currency system."

Here we have in the most positive and definite statement the position of the American Bankers' Association, representing some 10,000 bankers of the United States, upon a credit currency and upon the wisdom of passing the makeshift measure known as the Aldrich-Vreeland law.

That measure was passed in spite of the earnest protests of practically the entire banking interests of the United States. History must place the responsibility for it upon the shoulders of the Republican leaders, not upon the banks.

But there remains another indictment of the "Tribune" against the banker. "Suggest to him" [the average banker], it says, "such an institution as a central bank, and a thousand doubts assail him, especially if he comes from some country place in the West and is troubled by the sectional bogy."

And there are very many bankers and others outside of the small country places in the West who are assailed by as many doubts. The most forcible argument against a central bank comes from a professor in an Eastern university—Professor SPRAGUE of Harvard.

Certainly after the East has furnished the authors of the Aldrich-Vreeland law, it is hardly in a position to throw any brickbats at the West in this currency and banking fight. We hope to see the issue settled on other than sectional grounds. We hope also to see the "Tribune" a little more careful hereafter before arraigning the bankers for the financial sins of its own party.

BANKING traditions undoubtedly exert a tremendous power in holding banking practices to a safe course. Commenting on this fact, the New York "Evening Post" recently said:

"It is not because the Governor or directors of the Bank of England are hindered by law from going wrong, nor even because they are chosen from such supereminent material as to preclude all possibility of danger, that there is never any question of its singleness of purpose, or that the phrase 'as safe as the Bank of England' is no less a national possession than 'as strong as Gibraltar.' The managers of the Bank of England act as they do, not because they are Smith and Jones and Robinson, but because they are the Governor and directors of the Bank of England, grown up under its traditions, breathing in its responsibilities and its principles of action as they breathe in the physical atmosphere around them. And, while the conditions are not so peculiar in the case of the Bank of France or the German Imperial Bank, something analogous is true of them also."

With us the responsibility for controlling the general situation is not fixed upon a single institution, and the reserve banks rarely take anything like concerted action until credit has largely broken down.

Another respect in which banking here differs from that of older countries was thus pointed out in the article from which we have quoted:

"Moreover, there is an element in the situation, differentiating our problem from that of the older countries, that pertains not to the nature of institutions, banking or other, but to the habits and temper of the people at large. We have to reckon, in our country, upon a popular attitude in questions of money

and banking to which the situation in England or France or Germany offers no parallel. However much there may be of criticism or discussion in those countries, there is an abiding feeling, fully justified by the facts, that monetary and banking questions will be actually dealt with only in such ways as the authoritative judgment of responsible specialists approves. Whatever opinions may be advocated in the abstract, and however much their discussion may influence the actual course of public policy, it is never feared for a moment that that policy will take the shape either of wild experimentation or of a rude disturbance of legitimate rights."

No one, perhaps, would claim that monetary and banking questions in the United States are actually dealt with only in such ways as the authoritative judgment of responsible specialists approves. Rather have they been dealt with in a spirit of temporizing arising from political timidity.

Congress is not wholly to blame for this. The people are manifestly suspicious of changes in the currency laws or of any fresh concessions to the banks. The impression seems to prevail that in some way or other the banks are to be given the best of it. Yet, we believe that feeling to be much less prevalent than it was formerly, and it may be expected to continue diminishing with the spread of banking and financial information.

AN executive order recently promulgated by President TAFT marks the beginning of an effort to better the consular and diplomatic service of the United States. The order provides that appointments shall be made hereafter from those whose efficiency has been determined by examination, and that promotions are to be made up to the rank of minister from those persons in the service who have shown special fitness. In making appointments, political affiliations will not be considered.

The growth of our foreign trade and the increase generally in our share in international affairs make the improvement of the consular and diplomatic service of great importance. Bankers have been conspicuous in advocating reforms similar to those now put into effect by the President and Secretary KNOX. No doubt the business of the United States with foreign nations will be benefited by the President's order.

RUMORS have been revived recently about the establishment by American capitalists of a large banking institution in South America, with a possibility that branches of the bank may ultimately be planted in all the principal Latin-American countries. An incidental reference to a Latin-American bank was made in President TAFT's recent message to Congress.

This magazine has long advocated the creation of an American bank of large capital to do business in Latin America and other foreign countries. A sufficient argument in favor of a bank of this character would seem to be that if American banks of any kind are to be established abroad, it would be best to give them the prestige which a national charter would afford, large capital and the ability of management which such an institution would naturally attract.

If our banks having a capital of $10,000,000 and upwards were permitted to have branches in foreign countries, there might be less substantial basis for arguing in favor of a Latin-American or International American bank. But under existing conditions such a bank would no doubt be of considerable advantage to American trade and enterprise.

The movement for bringing a big American bank into South America has already attracted attention in the latter country. Thus, for instance, "La Nacion," of Buenos Aires, points out our protective tariff as preventing the building up of trade with South America. It also declares that the English, French and German interests have a position in South American banking from which they can not be easily dislodged. Fears are expressed by "La Nacion" that the proposed bank is to be used as an instrument for installing the American beef trust in Argentina—something which it intimates will prove a hopeless undertaking.

But these and other objections aside, those Americans who have visited the Latin-American countries seem to agree quite generally as to the desirability of extending our banking operations in that direction.

AMERICAN banking (or, rather, certain phases of it,) gets some pretty hard knocks from W. R. Lawson in an article on "British and American Banking," which was published in the December number of the London "Bankers' Magazine." After referring to the effect upon the London money market caused by the use of American "finance bills," the article says:

"This brings out the most characteristic features of the two banking systems of which London and New York are the respective headquarters. To describe them, however superficially, is to draw a practical comparison, or, rather, a contrast, between the British and the American banking systems. With little, if any, exaggeration they may be called the antipodes of each other. American banking devotes its whole energy and a very large amount of perverse ingenuity to the manufacture of credit, while British banking has to be continually on the watch to prevent such manufactured credit being pushed to a dangerous excess. One is the watch-dog and the other is the fox always trying to raid the chicken-yard. Why one money market should treat another so is a psychological puzzle. Why the other should meekly submit to it is still more puzzling.

"International finance may be a magnificent institution, and international banking may be of the utmost service to mankind, but neither of them can be safely regarded as omnipotent or allowed unlimited license. Neither should any national banking system be permitted to abuse their help and make a convenience of them.

"But that is what New York banking does systematically and almost continuously. It deliberately plunges out of its depth, knowing that international bankers will for their own safety have to pull it out. And more than any other institution the Bank of England has to bear the brunt of these shabby American tricks. With quixotic self-abnegation it has made itself responsible for protecting the rest of the world from the natural and inevitable effects of American inflation. Other nations willingly concede to it the costly honor of putting the drag on wild finance wherever it may break out, on condition that it punishes itself and its customers instead of the wild financiers. They get off with their booty, while every legimate borrower of money in Europe has to be a scapegoat for them."

We shall not try to contradict these opinions nor deny that they contain much truth. But we suspect Mr. Lawson is exaggerating. He fixes his attention too closely upon what he calls "American banking," but which is in reality only the spectacular part of it—that engaged in manipulating Wall Street operations. He does not wholly blame American bankers:

"American bankers are, perhaps, only

following the instincts of ordinary humanity when they exploit to the fullest extent the quixotism of British banks generally and the Bank of England in particular. So long as the latter are content to maintain, at their own expense, a life-saving apparatus for foreign plungers who get out of their depth, so long will the Americans play on the edge of the precipice."

After citing the 1907 panic and the recent period of inflation, Mr. LAWSON continues:

"The fact is that a radical and fundamental difference of opinion obtains in the two countries as to the limits of legitimate banking. The Americans, if they take time to think about it at all, have no doubt of the legitimacy of their methods. They are surprised and perhaps a little shocked when objection is made to them on this side. But they never dream of giving them up or even modifying them. It is enough for them that any banking novelty gives them a 'bulge' on old-world competitors who adhere to old-world ethics. In all innocence they would ask their critics: 'If London will be so silly as to give us all these fine chances, why should we not take advantage of them?' And it might be difficult to prove why they should not. So far from being ashamed of exploiting Lombard Street and Threadneedle Street, they consider it one of the highest proofs of their smartness."

Warming to his subject, Mr. LAWSON grows more severe:

"One does not require to be an expert or to have more than average intelligence in order to perceive a radical difference between these two systems of banking. Admit that both are engaged in legitimate banking business. Both are dealing in credit, and incidentally thereto are creating new credits. The British bank does it in a cautious, rational way, taking care not to overdo it. Safe margins are required for every transaction, and the business as a whole is kept well within the resources of the institution. The United States bank, on the other hand, runs itself for all it is worth. It must get the last cent out of its capital and have out the last dollar of its deposits. To its managers it is simply a machine to be worked at high pressure as long as it will go, and then scrapped like so much old iron.

"Plain, ordinary banking is too slow and too dull for an end-of-the-century American. He wants to be inventing new forms of credit and new methods of making money. Not content with his own resources and opportunities, he casts covetous eyes on other people's. The San Francisco banker is always planning how he can exploit New Orleans or St. Louis or Chicago. The Chicago or the St. Louis banker is always wondering how he can utilize New York. All of them are continually scheming to get a rise out of London or Paris. In this crusade of universal greed, safety, stability and even decency are being sacrificed. The natural resources of the country are being squandered, or at least being used up before their time. The people are turning themselves into machines for making money, manufacturing credit and misusing it.

"In every business, banking included, there is a craze to strike out some new line or invent something which will give the inventor a pull over his competitors. If it is only a new kind of mortgage, or finance bill, or pawn ticket, it will be run after. The average American devoutly believes that credit, like money, is a thing to be made the most of. However rich a man may be, if he sees a chance to make another ten thousand dollars with somebody else's money, he will borrow it. So true is this that the richest men in America are the biggest borrowers. The best business men are in a sense the greatest prodigals. They spend without stint, not like English

prodigals on high living, but on anything that promises them a high return. When money is five or six per cent. they will still run after their pet stocks in Wall Street and knock at every open door in order to borrow the wherewithal to pay for them. They are always devising new kinds of borrowing, each more clever than the last. Hence the novelties which frequently turn up in Lombard Street."

We can only repeat that, in our opinion, this criticism of American banking rests too much upon the assumption that all our banking is the same as certain of the more prominent and sensational phases of it. That assumption does not agree with the facts. Yet such a criticism, if it leads to a correction of faults where they really exist, can only be of benefit to the sound and legitimate banking operations of the United States. That these latter far outweigh in importance the more striking characteristics which have attracted Mr. Lawson's attention and aroused his protest, we need hardly say.

We shall allow Mr. Lawson himself to explain the real reason why Americans have drawn so heavily on London's cash and credit:

"If Lombard Street has in the past decade been to a large extent Americanized, it has itself to thank. And after all it may not have so very much to regret. American business poured in on it when sorely needed. Being highly remunerative, it was better than lending big unemployed balances from day to day at one per cent. and other nebulous rates."

Are the British banks to be blamed for lending their funds to the best advantage? And are American bankers to be condemned wholesale because they furnished an outlet to the London money market's supplies "when sorely needed?"

GOLD production in the United States for the year 1908 was valued at $94,560,000, compared with $90,435,700 in the preceding year—an increase of $4,124,300.

The gold production of several of the States shows a falling off. There are twenty-three gold-producing States and Territories, and of these, fourteen show a decreased yield compared with 1907, while nine report an increase. Colorado is the largest gold-producer ($22,871,-000), followed by Alaska ($19,858,-800), and California ($19,329,700).

ANNOUNCEMENT has been made of the proposed publications of the National Monetary Commission. These publications will include not only the results of the investigations made by the commission itself but a number of treatises on banks and banking in the United States and other leading nations. These treatises will be in nearly all cases either from well-known authors or from those whose positions have specially qualified them to deal with the respective questions.

The investigations which the commission has made will no doubt have a certain freshness and should be fairly complete. The list of books appears rather formidable, though all are good. Of course, no one need read them all, but may make selections to suit his taste. We are particularly pleased to note that some of the standard financial works which have either been out of print or in need of revision are to be brought out in fresh editions.

It seems rather doubtful whether so ponderous an output of banking and financial literature was demanded for public information. We are skeptical as to the disposition of the average citizen to tackle such a heavy meal. Many a hardened expert will not be appalled by it, for he has lived on this sort of

thing from boyhood up, and need have no fears of mental indigestion.

We welcome all serious and worthy additions to the banking and financial literature of the country. But, except so far as regards its own investigations, we hardly see why the commission need have gone into the publishing business. Existing books on sale cover practically every phase of banking and finance. We have not perceived any overwhelming demand for new volumes and even some of those already published, though prepared by recognized experts, grow musty on the booksellers' shelves.

Crude as is the attempt of the Monetary Commission to "educate the public" on banking and currency, its efforts will no doubt bear some fruit; at least, we sincerely hope so. We wish, however, that the commission might have realized that there are many who do not need education on these subjects, and that those who do, need something far more elementary than the commission has furnished.

FARM products in the United States, according to the report of the Secretary of Agriculture, were worth, last year, $8,760,000,000, a gain of $869,000,000 over the preceding year and of nearly 100 per cent. in ten lears. Secretary WILSON says:

"Eleven years of agriculture, beginning with a production of $4,417,000,000 and ending with $8,760,000,000. A sum of $70,000,000,000 for the period! It has paid off mortgages, it has established banks, it has made better homes, it has helped to make the farmer a citizen of the world and it has provided him with means for improving his soil and making it more productive.

"The most striking fact in the world's agriculture is the value of the corn crop for 1909, which is about $1,720,000,000. It nearly equals the value of the clothing and personal adornments of 76,000,000 people, according to the census of 1900. The gold and silver coin and bullion of the United States are not of greater value. It has grown up from the soil and out of the air in 120 days —$15,000,000 a day for one crop, nearly enough for two Dreadnoughts daily for peace or war. This crop exceeds in value the average of the crops of the five preceding years by thirty-six per cent.

"Cotton is now the second crop in value, and this year's cotton crop is easily the most valuable one to the farmer that has been produced. With cotton lint selling at 13.7 cents on the farm November 1 and with cotton seed selling for about twenty-five dollars a ton, the lint and seed of this crop are worth about $850,000,000 to the farmer. No cotton crop since 1873 has been sold by farmers for as high a price per pound as this one.

"Third in value is wheat, worth about $725,000,000 at the farm, and this largely exceeds all previous values. The November farm price was almost an even dollar a bushel, a price which has not been equaled since 1881. This is the third wheat crop in point of size, with 725,000,000 bushels.

"The hay crop is valued at $665,000,000; oats at $400,000,000; potatoes at $212,000,000, and tobacco at nearly $100,000,000. Beet and cane sugar and molasses and syrup from farm and factory will reach the total of about $95,000,000. The barley crop is worth $88,000,000; flaxseed, $36,000,000, and 1,000,000,000 pounds of rice $25,000,000.

"This is the year of highest production for potatoes, tobacco, beet sugar, all sugar and rice; next to the highest production for corn, oats and all cereals. Compared with 1908, gains in value are found all along the line, the exceptions being barley, buckwheat, rye and milk. The increase for cotton lint and seed is $208,000,000; wheat, $107,000,000;

corn, $105,000,000; hay, $29,000,000; oats, $22,000,000; tobacco, $18,000,000; potatoes, $15,000,000."

Concerning the share of the farmers in increasing prices, the Secretary says:

"There has been a tendency of the animals and crops of the farm to increase in value per unit at the farm at a faster rate than all commodities have increased at wholesale.

"Within the wholesale trade also farm products exceed all other classes of commodities in relative increase of prices since 1896. * * * The only large exception to the leading place taken by farm products in rise of prices is unfed beef cattle, the farm price of which has barely begun to rise above the price level of 1896 to 1900 for beef cattle."

Although some basis may exist for the charge that there has been a relative decline in American agriculture, the report of the Secretary of Agriculture shows that it continues in a flourishing condition.

BRITISH political and economic conditions are interestingly discussed in this issue by Mr. W. R. Lawson, the well-known and brilliant writer on financial topics. From the viewpoint of this keen observer of affairs the present conflict in Great Britain is not one between the Lords and Commons, but a struggle between property-owners and socialists, whose doctrines are more or less revolutionary. Incidentally, there has arisen a discussion of the relations of the free-trade system in its effect in building up the manufacturing industries at the expense of the agricultural interests.

The framers of the American Constitution evidently intended that the House of Representatives should exercise special powers over revenue legislation, and it was provided that bills for raising revenue should originate in the House, although the right to amend such bills was conceded to the Senate. This right of amendment has been so construed in practice as to give the Senate equal power with the House in framing revenue legislation—something that the Constitution did not contemplate. We believe, however, that this power of "amendment" as exercised by the Senate, even though it results in practically a new bill, has been upheld by the Supreme Court of the United States. Thus the control of revenue legislation in the United State's has in effect passed from the popular branch of the legislature, where it was placed by the framers of the Constitution, into the hands of the less representative branch.

But this usurpation of power has not produced in this country anything like the outburst of wrath which was provoked by the rejection of the British budget by the House of Lords. On December 2 the House of Commons, by a vote of 349 to 134 declared that the rejection of the budget by the Lords was "a breach of the Constitution and a usurpation of the rights of the House of Commons." Our own House of Representatives, in matters pertaining to revenue and the finances, meekly submits to whatever "amendments" the Senate may propose.

Of course, our form of government does not permit of these matters being made direct issues at the polls. And we imagine that the present contest in Great Britain is only apparently one between the House of Lords and the House of Commons. The real point at issue is whether a budget more or less socialistic in character shall become a law without first having received the direct sanction of the electorate. Upon so weighty a point, it would seem that the opinion of the people ought to be obtained.

If the Lords are to be denied a share of power in shaping fiscal and other legislation, Great Britain will present an example of unrestrained democracy

such, perhaps, as exists nowhere else, which certainly does not exist in this country. Although the King of England has the veto power it is one that he would hardly think of exercising. In the United States the President not only has the right to veto acts of Congress, but he frequently uses that right, and it is generally effective, for a bill to be passed over the President's veto must have a two-thirds vote—something very difficult to obtain.

The electoral struggle in Great Britain will be watched here with deep interest. We are sure that the picture of affairs presented in Mr. Lawson's article will help Americans in gaining a better understanding of the contest now being waged on the other side.

FINANCIAL writers have been fond of citing England as the country where the rights of capital were most carefully safeguarded. The superior naval power of Great Britain has precluded the possibility of successful attacks by rival nations; the monetary standard has been for a long period securely maintained; the laws relating to property have been, in the main, just and well administered.

These considerations, and of course others that might be cited, have helped to make England's financial greatness. Now there is grave danger that this supremacy may be seriously impaired by socialistic legislation. As was pointed out by Lord Revelstoke, Lord Avebury and Lord Rothschild in the debate on the budget in the House of Lords, a flow of capital from Great Britain is likely to take place through fears of socialistic legislation.

But whatever may be one's views as to the merits of the budget itself, or as to the matter at issue between the two legislative houses, it must be admitted that the wisdom of allowing the sober second thought of the people to be ascertained is apparent.

The carefully-reared safeguards thrown around property in Great Britain and so long and jealously maintained are not to be weakened or destroyed without an appeal to that habit of conservative thought of which the British subject has been supposed to be a typical representative. That, we take it, is the real significance of the action of the British upper chamber in rejecting the budget sent to it by the House of Commons.

BY purchasing a large interest in the Guaranty Trust Company of New York and the stock of the Equitable Life Assurance Society, the firm of J. P. Morgan & Co. has greatly added to its already large financial power.

It was stated with reference to these purchases that the persons dealing with the trust company would not know that there had been any change at all—the stock had been bought because it was a good purchase. And the announcement was made that the insurance company would be administered for the benefit of its policy holders.

Mr. Morgan has been credited with an ambition to gain a large share of control of the transportation system in New York, and to manage it in accordance with the principle of fair dealing with the public. We do not know anything as to the truth of this report. But it is conceivable that men of real financial genius are coming to realize that the public-be-blowed policy is shortsighted.

In ordinary business that fact was recognized long ago. Private firms and even corporations engaged in general business strive to outdo one another in giving good service or in furnishing reliable goods at reasonable prices.

In some—not all—of the public service corporations a different rule has obtained—to get all you can and give as

little as possible in return. Now, the trouble with this policy is that it invites hostility on the part of the public, provokes retaliatory legislation and litigation, and lays the corporation adopting it liable to every form of hostility on the part of those who are its patrons and who might just as well be its friends. Many very pious people feel they have done a righteous act when they have cheated a street-car company out of a nickel. Of course, they are wrong, but who is responsible for this warping of the human conscience?

But it is a hopeful sign that even in the highest financial circles the rights of the public are being recognized, not merely as a matter of justice and principle, but as a matter of good business.

Great power, wielded by small men, is always a source of danger to the public; but, on the other hand, if exercised with a proper sense of the responsibility imposed, it may be made a source of public benefit.

LEGISLATION designed to restrict the operations of large corporations may tend to injure the credit of communities where laws of this character are passed.

An illustration of this was afforded a short time ago by the refusal of one of the large Eastern life insurance companies to purchase some bonds of one of the counties in Texas. There was no question as to the good credit of the county or as to the general desirability of the bonds as an investment. In fact, they have been sold, and no doubt at a satisfactory price.

The New York "World" condemns the refusal of the insurance company to buy the bonds as an insolent assumption of power by the "New York Money Trust." And yet an insurance company that had been debarred by stringent laws from doing business in a State might justly refuse to purchase securities of that State. Why should it feel called upon—other conditions being equal—to lend money in a community where the company making the loan may do no business?

Probably a little less heat and friction on both sides might enable the State of Texas and the insurance company to get together on some common ground. It might be found, by the exercise of patience, that the insurance company could be permitted to do business in Texas, and that, on the other hand, the company would be the gainer by buying Texas securities.

ANOTHER question of some importance is brought forward in the "World" editorial from which we have already quoted. It is stated that:

"This community of interest is not confined to New York. The great Wall Street banks and the great insurance companies, through their financial relations and alliance with outside banks, reach to nearly every part of the country. More and more they are coming to dictate the terms on which the American people are permitted to do business. Not satisfied with this power, they have begun, as the Dallas case shows, to dictate the terms on which States may govern themselves."

Such an opinion is not at all novel. It has been voiced at many times and in a variety of ways. What truth does it contain? No doubt the banking business has passed under "group" control to a considerable extent, and no doubt also banking credits have tended somewhat in the larger cities to narrow in favor of the enterprises controlled by these groups. The securities bought and sold, and not infrequently manipulated, on the Stock Exchange have become prime favorites in the portfolios of many banks. These securities some-

times go up and down, according to the degree of facility in obtaining loans on them at the banks. All this is a matter of common knowledge.

So far as banking funds may be used for speculative manipulation, the evil complained of may be real. But there is a use for banking credit in security operations quite as legitimate and fully as essential to the country's prosperity as the production and marketing of beef, wheat, corn and pork. The floating of bonds for the railway or manufacturing plant constitutes a part of the process by which industry is maintained and labor kept employed.

Does not this complaint, that the "money power" has drifted into the hands of comparatively few men really evidence what has taken place in other phases of activity? Do the men best fitted to control and direct not usually attain their rightful place? Many editors no doubt think themselves better rulers than TAFT, DIAZ, King EDWARD and Emperor WILLIAM, but somehow they fail to attain to the seats of the mighty. So in the realms of finance and business, many critics think they could have done much better than ROCKEFELLER, CARNEGIE and MORGAN, but in some way Providence has denied them the opportunity.

No one would maintain that great financial power implies omniscience as an attribute of its possessors. But it commonly does imply that those who have it have also exceptional ability, industry and common sense. When they fail in these things, the sceptre of control will eventually slip from their control and pass into other hands better able to wield it.

NICARAGUA has occupied the center of the stage and the glare of the limelight of late to an extent disproportionate to its size and importance among the nations of the two Americas.

Disturbances of different kinds have not been infrequent among the smaller Central and South American nations, but they have generally "blown over" without requiring quite such strong proceedings on the part of the United States Government as deemed necessary in the Nicaraguan case.

The direct pretext upon which the United States has "intervened" in Nicaragua was furnished by the execution of two Americans, GROCE and CANNON, who, it appears, were soldiers in the army trying to overthrow the then existing Government of Nicaragua. It was asserted by the United States that these two of its citizens were unlawfully executed—an assertion denied by ZELAYA, the late President of the Nicaraguan Republic.

But the execution of these two persons seems to have offered ground for but one of many complaints lodged against President ZELAYA by Secretary KNOX. Some of these complaints are no doubt valid, but others appear to be open to question. At all events, President ZELAYA saw that the time had come for him to "resign," which he did as gracefully as possible under the circumstances.

Whether or not the United States Government has acted throughout under due provocation and in the proper manner, it appears that President ZELAYA has given just grounds of offense both to his own country and to the United States. The course taken by our Government evidently indicates a determination on the part of the United States, not merely to protect the rights of its own citizens, but to insist that the Central American States shall observe compacts entered into in solemn conference.

This affair has served to illustrate afresh the increasing share which the United States is coming to perform in the theatre of international affairs. More than that, it brings up the problem

of our future relations to the Latin-American nations. Of these nations, on the North American Continent, Mexico is the largest, most populous and perhaps the most wisely governed. For a generation, under the resourceful and masterful leadership of General DON PORFIRIO DIAZ, Mexico has steadily advanced along the path of peace, enlightenment and growing prosperity. Our relations with Mexico are not only peaceful but cordial. In no responsible quarter in the United States is there any thought of endeavoring to encroach on the territory of our big southern neighbor or to interfere in her affairs. Mexico certainly has nothing to fear from the United States while she adheres to the same wise policy carried on by President DIAZ. Should the latter die or resign his office—and no true friend of Mexico hopes he will do either—it is reasonably certain that the able men now in control will see that his successor is a man who inspires full confidence at home and abroad.

So far as Mexico is concerned, then, there does not appear to be any likelihood of interference by the United States. But the same can not be said of the Republics of Central America. They have been too prolific a source of trouble for their own good and for the peace of this hemisphere. Unless they mend their ways, they may not only expect American "intervention" but a loss of their sovereignty.

We do not believe, however, that anybody in this country desires the acquisition of territory in Central America. If these southern republics are to cast in their lot with any one else, they should, in our opinion, seek a union with Mexico rather than with the United States. In language, traditions and interests there is more of a community with Mexico than with this country. But, of course, such a solution of the problem may not be feasible, in which case the next best thing would probably be the union of the present independent Latin-American States in a federation, with Mexico and the United States acting in the capacity of joint-protectors of the new nation.

True friends of the Central American Republics must deplore the instability of political affairs in that region, and they will rejoice when things are changed in a way that will best promote the peace, happiness and permanent prosperity of these peoples who are our neighbors, and who, it is hoped, may continue to be our friends.

BALANCES of trade have been a favorite subject of discussion by statesmen and economists. Less attention perhaps than deserved has been paid to the balances accruing as a result of holiday remittances in the form of money and goods. Many millions go out every year from New York and other ports, and a great deal comes in. But while we have no statistics on the subject, it seems certain that the outflow of cash and "presents" largely exceeds the inflow. This would arise from the fact that those who come here from foreign shores generally better their condition. They are abler to send something to the old home across the sea than are those left behind to send something here. Besides, as a rule, those left behind are less independent than those who make their journey to new lands in search of fortune. Ireland and Italy especially make heavy drains on America, not only during the holiday season but at all times.

While the money and merchandise sent abroad at the annual Christmas season may add to the "unfavorable" balance of trade, it is nevertheless a form of loss that has its compensations. Let us hope that one of these is the cultivation of closer relations, and another the promotion of international good will.

BRITISH ECONOMIC AND POLITICAL CONDITIONS: A RETROSPECT AND A FORECAST.

By W. R. Lawson.

DURING the past year, while the United States has been enjoying another of the greatest booms in its booming history, the old country has been struggling in a stormy sea of political and economic difficulties. Its worst enemy—if it has any—could not have wished to see it in a more sorry plight. Its House of Commons, the "Mother of Parliaments," has been in labor for nearly eight months over a socialistic budget which after all turns out to be a mountainous mouse. Most people knew from the first that it would never become law, and many had their doubts if it was ever intended to by its authors. There can, however, be little doubt now as to its ulterior object. It is the first open move in a Radical-Socialist alliance which Lord Rosebery has very truthfully and opportunely denounced as revolutionary.

A double revolution is in fact contemplated by the new alliance. One is to be directed against the House of Lords—that is the Radical side of the programme—the other against owners of property, especially land owners—and that is the Socialist side. This sudden and sinister development has created a situation without parallel elsewhere. Other countries have worse Radicals than the English ones—Greece, for instance. There are also other countries with more Socialists than we have—Germany, for instance. But I am not aware of another instance in which the Socialists have been able to force themselves on one of the regular political parties in the State and practically to capture it. Still more difficult would it be to find another case in which the Socialists had commandeered a Government with a three to one majority at its back.

Great Britain Facing a Perplexing Problem.

John Bull woke up one fine morning eight months ago to find an Old Man of the Sea on his neck, worse than Sindbad's. He went to bed an honest, god-fearing, just-dealing Englishman, and woke up to discover his house and grounds in possession of a mob of fiscal cranks, land-taxers, super-income taxers, and anti-House of Lords demagogues. By way of a trial dose they administered to him a budget which set him sneezing and sputtering like a tug-boat in a very narrow channel where there are many sharp curves to take. It is simply impossible for any foreigner to imagine his feelings when he began to realize the nature of the trick that had been played on him. After a series of narrow escapes from the education maniacs, the passive resisters, the ultra teetotallers, the little navy men and the Irish cattle drivers, it was too disgusting to be caught unawares by Mr. Keir Hardie's motley crew of "socialisers."

The cruelest cut of all was being betrayed by Ministers who up to the last moment had denounced socialism. Sir Robert Peel took a sharp curve in 1846 when he suddenly abolished the Corn Laws, but it was quite wide compared with that of the Asquith-Haldane-Grey and Morley combination when they capitulated to the Lloyd-George-Churchill minority in the cabinet. Respectable, orthodox, churchwarden Liberalism secretly abdicated in favor of the New Liberalism whose concise and businesslike motto is, "Wherever you see money, go for it."

And so poor John Bull, much to his own surprise, got into the socialist *galerie* and finds it very uncomfortable, indeed. He never knows what is going to happen to him next, for his new bedfellows are as restless as they are unscrupulous.

Suddenness of the Present Upheaval.

The revolution has been sprung on him so suddenly and it has so many political and financial complications that

no estimate can yet be formed of the ultimate results. It portends momentous changes, not only in the political but in the industrial and financial life of the nation. It is hardly less interesting for foreigners than for ourselves, as the whole scope of the international money market may be affected by it. *Prima facie,* any serious disturbance of the framework of British finance must affect, more or less, the financial arrangements of every other country in the world: above all others those of the United States.

Relations of British and American Finance.

Nowhere is the contrast between British and American conditions more sharply marked than in the prevailing currents of their finance. That of the United States always tends inward—it is centripetal—while that of the United Kingdom tends as persistently outward —it is centrifugal. The Americans can not get money enough from abroad to assist in developing their domestic resources. We, on the contrary, have so little scope for domestic development that we are always sending surplus capital abroad. In this respect we may soon rival the French, who have become a nation of investors and financiers.

Thus for October, 1909, we have the following dismal returns:

New Capital Issues October, 1909.

United Kingdom	£175,000
British Possessions	7,601,712
United States	5,556,757
South America	378,500
Other Foreign Countries	517,826
Total	£14,229,795

Percentage of new capital intended for home use, 1.231. The September record was not quite so bad, the foreign and colonial issues of that month having been relatively small, while the domestic issues could not fall much lower without vanishing altogether. The respective totals were:

New Capital Issues September, 1909.

United Kingdom	£176,000
British Possessions	1,465,766
United States	——
South America	1,265,000
Other Foreign Countries	1,181,671
Total	£4,088,437

This interesting question can be studied in greater detail by analyzing the full returns which appear month by month in "The Economist." The table herewith gives a double classification of them geographically and according to their financial or commercial character:

New Issues, 1909.

	February.	March.	April.	May.	June.	July.	August.
No. of co's..	70	78	72	57	77	88	75
Total capital.	£14,196,000	£15,697,000	£14,839,000	£1,215,000	£11,150,000	£14,002,000	£14,798,000
HOME—							
Municipal ..	3	4	..	2	4	2	3
Industrial ..	13	23	18	10	18	18	15
	16	27	18	12	22	20	18
FOREIGN & COLON'L—							
Government.	7	8	7	5	6	7	8
Municipal ..	5	4	5	3	3	7	9
Industrial ..	24	18	33	25	39	33	29
	36	30	45	33	48	47	46
Mines	10	8	5	8	2	12	10
Miscellaneous	8	13	4	4	5	10	1

Month by month our new issues of capital show a dwindling percentage of domestic business and a growing percentage of foreign and colonial finance.

Anomalous Political Situation.

Unfortunately for us this has become a political question, and it has produced a very strange alignment of parties.

On one side the Conservatives and tariff reformers assert that capital is being driven from the country by socialistic legislation. On the other side the Radicals and Socialists stoutly deny that it is; but in case the facts should ultimately prove too strong for them they put in a proviso that if capital should be leaving the country it will be as well employed there as at home. To the inveterate and incurable free trader everything is for the best in the best of all possible worlds; which, of course, is a world without customs tariffs or dukes or suffragettes.

For street-corner gramophone spouters to talk that way is the natural order of things. I have over and over again heard them yell: "Let the capitalist take himself off with his scraps of paper and his schemes for sweating the workingman. He will never be missed. We shall be better off without him!"

But when such wild talk gets up into the higher circles of politics it becomes ominous. When we hear it echoed back from the Cabinet itself the case becomes serious. The Chancellor of the Exchequer and the President of the Board of Trade are not ashamed to put it into rather more polite language and to use it as a tag for their philippics against the House of Lords and all other opponents of their Dick Turpin budget. They do not always trouble even to improve on the language of their street-corner confederates. In his Limehouse, and still more in his Newcastle speech, Mr. Lloyd-George stooped not only down to but below the average level of Clerkenwell Green.

Nor is that the worst. The Prime Minister himself has in his superior special-pleading style ridiculed the exodus of capital bogy, as he calls it, American business men might take their measure of him from that one fact if there were no other. But all of them who know anything of the City, either from personal experience or at second-hand, must be aware by this time that there has not been for generations a Prime Minister so little trusted or respected in it as the present holder of the office. His Chancellorship of the Exchequer under the late Sir Henry Campbell-Bannerman was bad enough, but his Premiership threatens to become a black chapter in our financial history. Knowing nothing of finance himself, and being a mere forensic figurehead in his own Government, he is powerless to control the revolutionary section of his Cabinet.

The Attack Upon Property.

The twin tails which wag the dog are undoubtedly Mr. Lloyd-George and Mr. Winston Churchill. They may or may not be socialists; that is a mere matter of hair-splitting. The much more vital and important question is whether they are not at heart deliberate revolutionists. No other theory can account for the furious and rabid demagogy which they have suddenly introduced into the hitherto polite and courteous procedure of British politics. Their attacks on property-owners in general and on ducal owners in particular are in business circles considered an outrage on the best traditions of our public life. Their land-tax proposals are in themselves innocent compared with the vulgar crusade which was at once started to force them through Parliament. The opposition to them was never once met fairly and squarely as it would have been by a Chancellor of the Exchequer of the old school. It was immediately answered with ridicule, reviling and personal abuse. And the higher the social or political position of the opponent the thicker and dirtier the mud that was thrown at him.

The most ominous peculiarity of the Asquith Government is its absolute lack of personal prestige. What little there is is of the wrong sort and it rapidly increases while the right sort diminishes. Mr. Asquith himself has lost nearly all that he ever had. He has allowed himself to be overshadowed by the demagogic members of the Cabinet who are every day rendering themselves more obnoxious to the business interests of the country. He never had any personal magnetism or platform gifts except of the forensic kind. Those have wofully failed him in the present crisis,

and it only needed the grotesque persecution of the suffragettes to complete his humiliation. The finishing touch was put to that at the Lord Mayor's banquet (November 9), when two enterprising suffragettes played on him the most ingenious and irritating of their knavish tricks. By smashing a hole in one of the stained glass windows, close to the ladies' gallery, they scared the whole assembly and cast a damper on the banquet from which it never recovered.

Commercial Affairs Disturbed.

Of course, no respectable citizen approves of these hooliganisms any more than he would approve of the electioneering tactics of the Government itself —Lord Advocate Ure's old-age pension speeches in particular. If they were ordinary politics there would be no occasion to refer to them here, but they are not mere politics. They have become most disturbing and pernicious elements in the commercial affairs of the country. They are an essential part of the revolutionary storm which Messrs. Lloyd-George and Winston Churchill are working up for their own personal ends. Their crusade has already done no end of damage in the City and is exciting against them feelings of exasperation quite unprecedented.

The Chancellor of the Exchequer has given many and various causes of offence. His egregious budget wasted six months' valuable time in the House of Commons, and it is going to precipitate a general election at a most inopportune time. His doubling of the stamp duties brought him, of course, into collision with the Stock Exchange. His Limehouse and Newcastle speeches set every banker against him with one distinguished exception. And now to crown his sins, it is found that he has got the public finances into a bad mess. This ugly fact deserves special attention abroad as well as at home, because it may have a sinister influence on the development of the monetary crisis.

The Condition of the Treasury.

The revenue returns up to November 6, which have just reached me, disclose a worse condition of the Treasury than has been known for years. The cash balances are down to low water mark, namely £3,182,000. Only imagine an Imperial Exchequer being run on a cash balance of fifteen million dollars! Though a large portion of the new taxes are already in operation, and have been ever since the House of Commons passed the resolutions authorizing them, the revenue has gained only a million and three-quarters in thirty-one weeks. If the remainder of the year does not improve very much on that result the total gain will not be more than three millions, or hardly a fifth of the additional revenue which the Chancellor of the Exchequer started out to raise.

Meanwhile he has been spending in advance the extra revenue which he has not received. For the thirty-one weeks from April 1 to November 6 the total issues out of the Exchequer were £91,627,000, as compared with £84,413,000 in the corresponding period last year. Against £1,843,000 of increase in revenue there is an increase of £7,214,000 in expenditures, or nearly four times as much. Customs duties have produced only £889,000 of the £2,645,000 increase budgeted for. Excise, instead of yielding more, has fallen heavily—from £20,250,000 to £18,654,000. It is a grim omen that the death duties are the only branch of revenue that shows elasticity. We appear to be living to a large extent on dead men. Four or five millionaire estates which came to book in the early part of the financial year have been a godsend to Mr. Lloyd-George. Without them his death duties might have been in almost as bad a plight as his excise.

Still another bad omen is the slackness of the income tax receipts. Notwithstanding the extra 2d. on the £ and the super tax of 6d. on the £, they actually lag behind last year. The total collected up to November 6 was £5,880,000, against £6,484,000—a decrease of £604,000. In normal circumstances this might not have been very alarming, as the last quarter of the fiscal year (January to March) is the

critical time for the income tax. It is not uncommon to see a poor return up to Christmas and a sharp improvement afterwards. But the rule does not always hold good. A bad year produces the worst effects after Christmas, just as a prosperous year produces its best effects then. Few will say that this has been a good year, and if we are to have a two-months electoral campaign to finish up with, it will not have much chance to retrieve itself before the end of March next.

Old-Age Pensions.

The main cause of the heavy increase in expenditure is, of course, the old-age pensions. They have been in operation since January 1 last, though practically not a cent of the money has yet been provided for them. This amazing fact gives a fine ironical point to Lord Advocate Ure's bogy alarm that if the budget should be defeated at the coming election and tariff reform should be put in its place the old-age pensions will not be forthcoming. As they are being paid now with borrowed money, it would at the worst be only a question of borrowing more in order to continue paying them. Meanwhile the Government programme for the election has a large extension of old-age pensions on its forefront.

Surprises of Fiscal Campaigns.

Budget fights and fiscal campaigns are full of ironies. When they are over, or, rather, when the combatants have worn themselves out and are compelled to take a rest, it is often found that something has happened which gives an entirely new turn to the course of events. In American language, a joker is discovered in the pack. The joker in this case is that while the House of Commons has been struggling day and night over a financial scheme which was to produce an additional revenue of twelve millions sterling, the actual receipts have been running behind at an alarming rate, and all at once the Treasury is found to be in a perilous condition. There is no precedent in its recent history for the weak condition it exhibits to-day.

Financial Situation Seriously Affected.

This is a serious matter for the Government and for the politicians generally. But not for them only. It is still more serious for the Bank of England, for Lombard Street, for the City, and for the international money market. The Treasury is an important factor in the Bank of England's position, especially at a juncture like the present, when no one has the slightest idea to what height the bank rate may have to be screwed up before the present crisis is tided over. I purposely say "tided over," because nowadays no financial crisis is every thoroughly cured. It is simply patched up or staved off for a few months or years, as the case may be.

If the Treasury had been in a normal condition and its balances fairly high, they would have materially assisted the Bank of England in coping with the present money squeeze, but being as they are abnormally low, they will have precisely the opposite effect. They will be a drag on the financial and commercial action of the bank and a source of weakness to it. This circumstance may be commended to the special attention of New York financiers and still more to that of high-fliers in Wall Street. Not for many years has the Bank of England had such a bad state of public finance to contend with as it has at present. This is so grave that it must weigh with the directors in their future deliberations with regard to the official rate. It may frequently turn the scale in favor of a fresh advance when a strong Treasury position would have turned it the other way.

The Commercial Outlook.

Passing from the political to the commercial outlook, we find little change for the better. All our staple industries have been marking time during the year, some of them gaining a little and others losing ground. Our iron and steel industries have enjoyed a certain amount of reflected prosperity from

across the Atlantic. Our woolen trade has benefited from various special causes—the new United States tariff, the revival of trade in the Far East and the continued prosperity of the Argentine. Active developments have taken place in our younger industries, notably in rubber, motors, and Dreadnaughts. Apropos of Dreadnaughts, shipbuilding appears to have turned the corner again, but our busiest county of all—Lancashire—has been and still is the least fortunate.

Both in our political and our economic crises Lancashire is generally the crux of the problem. At election times it has such a nasty trick of swinging round unexpectedly that its verdict can never be forecast with any certainty. When it is prosperous and self-satisfied, the chances are that it will go for free trade. When it is in the dumps, as at present, it will drop free trade and go in for ultra-conservatism. It was in Lancashire that the tariff reform crusade of 1903 shipwrecked itself. All went well until Mr. Chamberlain carried his tariff war into Cobden territory. The result of the last general election (1905) was a Conservative landslide, which swept away the strongest wing of the party, and the Conservative leader along with it. If, as there is reason to hope, that landslide can be reversed and Lancashire brought back to its Conservative allegiance, the tariff battle would be won.

Not only political but economic omens favor such a hope. In violent contrast to the prosperity of 1905, Lancashire is just now under a cloud. It is suffering a very acute attack of its periodical calamity—a cotton corner. The last one happened only five years ago, and painful recollections of it still linger in many a Lancashire home. That was the Sully corner of 1904. This new one threatens to be even worse, for three if not four champion cornerers are said to be at the head of it. What Mr. Patten does not know about "making a market," Mr. Gates will be able to tell him, and against their combined wits the cotton spinners, I am afraid, have a poor chance. Their only comfort is that "the best laid schemes of mice and men gang aft agley."

Without the cotton corner, Lancashire was having quite a bad enough year. Counting blindly on inexhaustible supplies of raw material, it completely lost its head in its last boom—the one which immediately followed the break up of the Sully corner and lasted till the Wall Street collapse in October, 1907. It is odd but true that the worst of Lancashire's troubles all come from America. Whether it be a cotton corner or a financial crisis, it is of American origin. During the 1905 to 1907 boom Lancashire had a fit of mill building. Speculative contractors, speculative manufacturers of mill machinery and equipment, speculative lawyers and their speculative clients, speculative stock brokers and their speculative clients, speculative mill managers and foremen and even speculative mill girls, all laid their heads together and took a pot shot at the thirty, forty-five and fifty per cent. dividends which existing mills were then paying. But before they could run up their mill and rush in their machinery the boom played out and they were stranded. Not only were immense sums lost in these wildcat ventures but the business of the old mills was spoiled. So severe has been the reaction that even without any corner this year's results would have been exceptionally bad.

Of course the cotton spinners have had good years or they would not be able to get over the bad ones. From 1897 to 1907, inclusive, they not only paid liberal dividends, but they built up large reserves. Out of these the losses of the two lean years, 1902 and 1903, were made good, but the operation completely exhausted them. At the end of the latter year (1903) the credit balances of the whole ninety spinning companies had dropped to under £1,000. The results of the current year will be even worse. After paying double price for raw cotton, running short time for months on end, and selling their yarns in a bad market, spinners cannot by any amount of care or skill avoid heavy losses. And next year there will be no credit balances to draw upon. The

losses will have to fall directly on the capital of the spinning companies, crippling them it may be for years to come.

But this, it may be said, is an exceptional crisis. We grant that it is, but it happens often enough to discount very considerably the average results of the trade. In the twenty years from 1884 to 1903 there were half a dozen bad ones, in which not only were no dividends earned but deficits were reported to the amount of fully a quarter million sterling (£266,766). The aggregate profits in the fourteen prosperous years were £2,658,000, leaving for the whole twenty years a net profit of £2,391,000, or at the rate of £119,500 per annum. The average amount of share capital engaged in the industry between 1884 and 1903 may have been three millions sterling, on which £119,500 per annum would be rather less than four per cent. The dividends actually paid by the companies on the Oldham share list averaged for the whole twenty years only £3.7.6 per cent. If the weaving sheds did not make a more generous return than the spinning mills, the cotton industry as a whole could hardly claim to have been very remunerative. No doubt large fortunes have been made in it as was bound to happen under such speculative conditions. Even these, however, are becoming less and less frequent, while they are more and more liable to be offset by heavy losses.

Lancashire is justly regarded as one of the most active and progressive counties in Great Britain. On the surface it also appears to be one of the most prosperous. Its income tax returns very probably rank next to those of London. But behind all that may lurk a disquieting doubt as to the adequate amount of yield it obtains from the capital engaged in its staple industry. Four per cent. per annum would be a very poor return on capital exposed to so many risks and vicissitudes as the cotton trade always has been and always will be subject to. Both for the manufacturer and the operative it is full of uncertainties. It is precarious in its supply of raw material, in its labor conditions, in its fiscal restrictions and in its foreign markets. There is no commodity we produce which is so much at the mercy of tariffs, and of international competition, to say nothing of "corners" and "shipping rings." No branch of our foreign trade is so erratic or fluctuates so rapidly. It is overrun with the most perplexing cross currents.

Lancashire resents the slightest suggestion of cotton being an "exotic" industry, but the above facts prove it to be exotic in a double sense. It is dependent upon foreign producers for the whole of its raw material, and on foreign markets for four-fifths of its consumption. These two drawbacks put Lancashire in an entirely different position to our other manufacturing districts. It is in a unique fiscal category of its own. If any county in the United Kingdom had an excuse for sticking to free imports it is Lancashire. For the very simple, business reason that the seventy-three and one-half millions sterling worth of cotton goods it has to dispose of abroad are of far greater consequence to it than the seven and one-quarter millions sterling it imports.

Import duties are of small importance in Lancashire compared with the supply of raw material. Now that the cotton manufacturers have taken the latter question seriously in hand, let us hope that they may soon find some escape from their present intolerable situation. Anything that a preferential tariff could do for them is insignificant compared with what they are at last doing for themselves. They may be reproached with lukewarmness toward Mr. Chamberlain, but their chief fault is that they did not begin years ago the campaign of self-help which they are now starting at the eleventh hour.

Do what they may, however, they can never make cotton anything else than an "exotic" industry in this country. It will always be a hard task for them to justify on any broad ground of national interest or well being the sacrifice, in 1846, of corn growing to cotton manufacturing. Undoubtedly there are tens

of thousands of factory hands who would to-day be healthier, happier, and better off if they had stuck to the soil as their fathers did. They might not have been able to spend twenty or thirty pounds on a seaside holiday, but they would at least have been safe from cotton famines, American "corners," short time, and short commons.

The Fiscal Reform Movement.

For American and also Canadian readers the most interesting question likely to arise out of these economic and political troubles of the old country will be how they are likely to affect the fiscal reform movement. Will they stimulate or retard it? A few days' observation of public meetings and discussions in the press will furnish a conclusive answer to that question. That Cobdenite free trade is on its last legs, not even the people who continue to call themselves free traders will dispute. The real issue now is, how much or how little of it are they going to have to give up. Their own policy, as embodied in Mr. Lloyd-George's budget, is almost as far removed from the free trade of 1846 as tariff reform is. We are now striking deeper issues than either of these.

To all appearance we are on the eve of a revolution in our ideals of industrial life. For more than half a century we have cherished with very little reflection or criticism ideals which arose out of circumstances entirely different from those of to-day. Produced as they were by a violent reaction against fiscal restrictions imposed on food and raw materials alike, they rushed to the opposite extreme and set up the worship of cheapness. Since they came into vogue the greatest industry has been the one which could produce a given article at the lowest possible price. A new political economy was created with minimum cost of production as its corner-stone. Cheap food, cheap labor, cheap transportation, cheap government, were all expected to contribute to the cheapening of production. Then all that remained to be done was to find open markets throughout the world for these cheap products.

That ideal of industrial life ruled England for fully half a century. But its hold has of late been weakening. A moral revolt against it has begun, and though as yet vague and incoherent, it is steadily gathering strength. This moral revolt was one of the invisible and unsuspected forces which gave to Mr. Chamberlain's fiscal crusade its marvellous impetus. In the fiscal question by itself there is nothing to excite popular enthusiasm. The details of our foreign trade and the technicalities of customs duties have no intrinsic fascination. Of the thousands who have struggled with them, not one in a hundred has mastered even their rudiments. The popular interest which they have maintained for years in succession must therefore find some other explanation. Some sentiment hitherto latent in the public mind must have caught fire from Mr. Chamberlain's appeal. Otherwise doctrines which for a whole generation had been falling on deaf ears could not have suddenly roused the nation to fever heat. Reaction against cheapness as the chief ideal of industrial life may well be such a sentiment.

New Industrial Ideas.

The new political economy to which we are slowly and almost unconsciously advancing is founded on the principle that there are higher standards of industrial success than the minimum cost of production. In a country with nearly forty-five millions of inhabitants, crowded together on two comparatively small islands, public health has to be thought of even before cheap food and clothes. Fresh air is even more important than the big loaf. As these truths come to be fully realized, our staple industries are no longer judged merely by the profits they earn. Their sanitary conditions are also considered, and a healthy industry which pays only moderately well is preferred to an unhealthy one which is more lucrative.

Where as in these islands there are between fourteen and fifteen millions of workers, male and female, their well

being has now to be as much regarded as the cost of the goods they produce. Their homes, their families, their physical and moral conditions, their efficiency as workmen, their earning power, the regularity or otherwise of their employment; in a word, their means of living useful, productive lives will all be taken into account in judging the relative values of their respective trades. One which surrounds itself with sober, healthy and industrious workpeople will stand better with the public than one which draws its labor from the slums.

Advance of "Humanitarian Socialism."

In the above sense the British public have become strongly socialistic. Humanitarian socialism is beginning to pervade our churches, our municipal services and even our joint stock companies. To that kind of socialism no thoughtful person has any objection. The only question is how to carry it out wisely and prudently. It is the humanitarian and Christian socialists who strenuously oppose the proletarian sort which is the special brand of our trade unionists and labor members of Parliament. The latter have so far fought simply and solely for their own hand. A more bare-faced and persistent set of class monopolists never got into a Legislature than we have now in the House of Commons. They initiate nothing, support nothing and tolerate nothing which is not altogether in the interests of labor.

They do not even act for their own class as a whole. They have formed within it a select and privileged caste, numbering about a sixth of the total number, which gets all the parliamentary sops and the industrial advantages. The Independent Labor Party and the trade unionists between them own the labor vote, but they represent in reality less than two millions out of fourteen million wage-earners. They exploit the other twelve millions by talking to them socialism of the rankest and hottest brand. This game succeeded admirably at the last general election, and it is expected to succeed still better in the coming election. But like the verdict of Lancashire, that is one of the tantalising uncertainties in the outlook.

A Lively Year Ahead.

Altogether the British public have a lively year before them in 1910. For the Asquith Cabinet, it is to be a life and death crisis. For Mr. Balfour and his tariff reformers, it is to be a chance to retrieve the disaster of 1905. For the socialists, it is to be a golden opportunity to capture more of the labor vote, and thereby to strengthen their hold on the House of Commons. For the British employer, it is to be a time of fear and trembling—a fateful year, which is either to deliver him from the socialist yoke of Mr. Lloyd-George or to fix it more firmly upon him. For the City, it is to be a year of great anxiety and suspense, ending, it is to be hoped, in a general restoration of confidence. For the London banks, it is to be a year of good dividends and dignified discussions about gold reserves. For the international money market, it is to be a year of keen competition for gold and possibly of reduced credit creations. Whatever else may happen, it is to be a year of bracing up for John Bull. He is at last realizing how slack and flabby he has been of late and how much ground he has lost through it in the markets of the world. Do not be surprised if he makes a desperate effort to retrieve himself. And wish him well if he should, for there is no one else ready yet to fill his place among the nations.

THE UNITED STATES TREASURY.

By William Henry Smith.

THE greatest banking institution in the world is the United States Treasury. Originally it was not intended or designed to act in a banking capacity, but circumstances arose about fifty years ago which brought about a change of policy and to-day the Treasury may be called the great reserve bank of the nation. When money grows tight in Wall Street, or is needed in the agricultural sections to move the crops, the bankers turn to the Secretary of the Treasury, and he opens his vault doors, and pours out his hoarded gold by the millions.

As originally designed the Treasury Department was simply to be the fiscal agent of the Government to collect the revenue and disburse it in discharge of the Government's obligations or to pay the current expenses.

In this article it is not designed to discuss the question as to whether the circumstances justified the change, or whether the policies adopted are financially sound. On both of these questions there always has been, and always will be, a diversity of opinion. Some eminent financiers hold the policy which now governs to be both wise and prudent, while others, on the contrary, look at it as dangerous in the extreme, and believe that, sooner or later, it will lead to disaster.

Origin and Growth of the Department.

The design of this article is to give a brief sketch of the origin and growth of the Department, from the time when Alexander Hamilton, with four subordinate officers and less than a dozen clerks, composed the entire working force at the capital of the nation, to the present, when a small regiment of officials and about eight thousand clerks and other employees are required in Washington alone, while throughout the country are scattered more than twenty thousand persons whose names are on the payroll of the Department. Of those in Washington about one-half are employed in the active work of the Department and the other half in the Bureau of Printing and Engraving, busy making paper money or printing bonds, and other securities of the Government, and making revenue stamps. It will be readily seen, from the figures given, that the Treasury Department, in numbers employed, has grown much faster than the country has grown in population.

Although the details of collecting customs duties are identically the same to-day as those promulgated by Oliver Wolcott, when he was Secretary of the Treasury in the Administration of President John Adams, the methods of transacting business in the other branches of the service have been very materially changed within the last few years. There was a time when the policy of the Government seemed to be to put off the settlement of a claim just as long as possible, and many claims grew grey with years, and musty from long confinement in the Treasury pigeon-holes before they were settled; but now there is a disposition to be reasonably prompt in acting upon a claim when it has been filed.

Formerly it was the rule to pass only on the specific matter set up in a claim, leaving the claimant, if later he thought something else was due him, to file a claim for that. For instance, if a soldier or army officer filed a claim for commutation rations, that, and that only, was passed upon, although the Treasury officials might find there was also due, clothing, travel pay, or even salary; but now, if he files a claim for commutation of rations the entire records are searched, and if any amount is due him on any other account it is allowed.

These changes in methods have been brought about during late years. They are sound in principle and save a vast amount of labor for the clerical force of the Department.

While on this branch of the subject, as an exemplification of the rapidity with which claims are now adjudicated, it may be mentioned that some two or three years ago Congress by a new law dumped on the Auditor for the War Department, between the months of July and December, nearly 250,000 claims. Within less than eighteen months more than 200,000 of them were examined and adjudicated, and this in addition to the claims filed daily in the regular order of business.

When the united Colonies broke away from their allegiance to King George they found one of their most pressing needs to be a Treasury Department, or fiscal agency, to collect a revenue with which to meet the expenses incurred by the war. Armies could not be maintained in the field without some means of paying for their subsistence at least. The provisional Government of the Colonies was almost wholly without power of procuring a revenue, and the Treasury Department was more for the purpose of keeping the accounts than the collecting of a revenue. In fact, it was a Treasurer, more than anything else, that was needed, one to care for and handle what money was obtained by loans or from other sources, and about three weeks after the adoption of the Declaration of Independence a law was enacted for the selection of a Treasurer, and prescribing his duties. It was a rather crude law, made for the occasion, but it furnished the precedent for the later law establishing a Treasury Department. Under that law Michael Hillegas and George Clymer were appointed joint Treasurers with a salary of $500 annually. They performed their duties so acceptably that the next year the salary was increased to $800. Hillegas served until the close of the Revolutionary War. Providing for a Treasurer was soon followed by the appointment of an Auditor General, and in November, 1778, Jonathan Trumbull, Jr., was made Comptroller at a salary of $4,000.

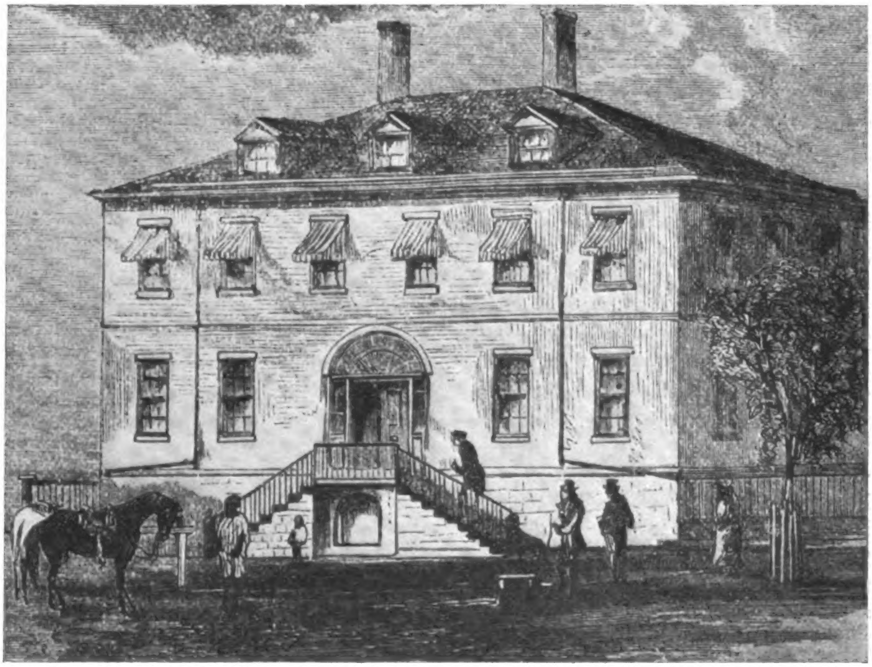
Robert Morris Made Superintendent of Finance.

The need of money increased with each year, and the Continental Congress was put to its wits' end to raise the funds necessary to meet the growing demands of the army. The office of Superintendent of Finance was established, and Robert Morris was selected for that important and trying position. What he accomplished, how he did not spare his own fortune nor the fortunes of his friends, are matters recorded in the political history of the country. He was in reality a "Finance Minister" in the sense of that term in Europe. In those days, on the Continent of Europe, a Finance Minister was not merely a fiscal agent, but his duties were to discover plans or schemes for raising a revenue, and as the only means resorted to were loans or taxation, the Finance Minister who could discover the more objects on which a tax could be levied was regarded as the ablest.

Morris, when made Superintendent of Finance, did not become either the collector of the revenue or the disbursing officer of the Government; but as he had displayed great financial ability in his own private business, it was believed that same ability would enable him to secure money for the needs of Congress, and that confidence was not misplaced.

Jealousies were the bane of the Revolution, and frequently thwarted the best and wisest efforts of the really patriotic. Morris had these jealousies to contend with. The Colonies, although united as against Great Britain, were divided into three hostile camps, each jealous of the other, and each demanding a share in everything. Morris was able, while the war continued, to fight down this jealousy; but when peace came, then the New England camp and the Southern camp demanded a representation in the control of the finances, and these demands had to be complied with, for in colonial politics

compromises were unknown between sections. So it came about that a triple-headed financial ministry was organized, and between the ministers the same sectional jealousies existed as had at first forced their appointment, so the country's finances went from bad to worse until the situation became intolerable. No one appeared to have any reasonable or practicable scheme for the raising of a revenue that would meet the requirements.



United States Treasury Building, 1804. From an old woodcut. Burned by the British, 1814.

At last, in 1786, after discussing the situation for several days, Congress passed a resolution declaring that a crisis had come in the financial affairs of the nation, and that it was impossible, under the present powers of Congress, to raise sufficient revenue to meet current expenses. Under the Articles of Confederation, Congress had no control over commerce and could only obtain a revenue by making requisitions upon the States. It had no power to enforce such requisitions, and if a State failed or refused, Congress could do nothing. It was a gloomy time, and the wisest saw nothing in the future but a disintegration of the confederacy and the relegation of the Colonies back into thirteen independent sovereignties.

Hamilton's Financial Genius.

It is well that by the ordination of Providence every crisis in the affairs of nations brings forth the right man to lead. The crisis of 1786 and the gloomy resolution of Congress brought forward Alexander Hamilton. He was the only real constructive genius of his time; the one whose brain grasped the whole situation, and who saw in advance the appropriate remedy. Others with him saw the necessity of a stronger central Government, but he saw how that Government was to be formed and also saw the whole scheme of raising abundant revenues. At his suggestion Congress recommended to the States

the laying of a five per cent. impost on importations. The suggestion was adopted by Congress, but some of the States would not agree to it.

Creation of the Treasury Department.

At last, through the efforts of Hamilton, Madison, Washington and others, a meeting at Annapolis was held which resulted in the convention at Philadelphia and the formation of a Constitution for "a more perfect union." It was Hamilton's guiding mind that placed in that Constitution the plan of giving Congress control over commerce with power to levy customs duties, the key to the whole financial situation. The Constitution was ratified by a sufficient number of the States, Washington was elected President, and the new Congress met in New York, March 4, 1789. Here was a new Government without any of the administrative departments necessary to carry on the work of governing; but Congress, still filled with that sectional jealousy which had been the bane of the old Congress, subordinated everything to the one question of determining on the permanent seat of government. Hardly a subject could be proposed that the vote on it was not determined along the permanent capital-site line. The new Government had no funds; it had the power to raise a revenue, but would not provide the machinery by which that power was to be exercised, so, amid wrangling and bitterness, matters drifted along until September, when finally an act was passed for the organization of a Treasury Department, which should consist of a Secretary who should be the head of the Department, a Comptroller, an Auditor, a Treasurer, a Register, and an Assistant to the Secretary.

Hamilton Appointed the First Secretary.

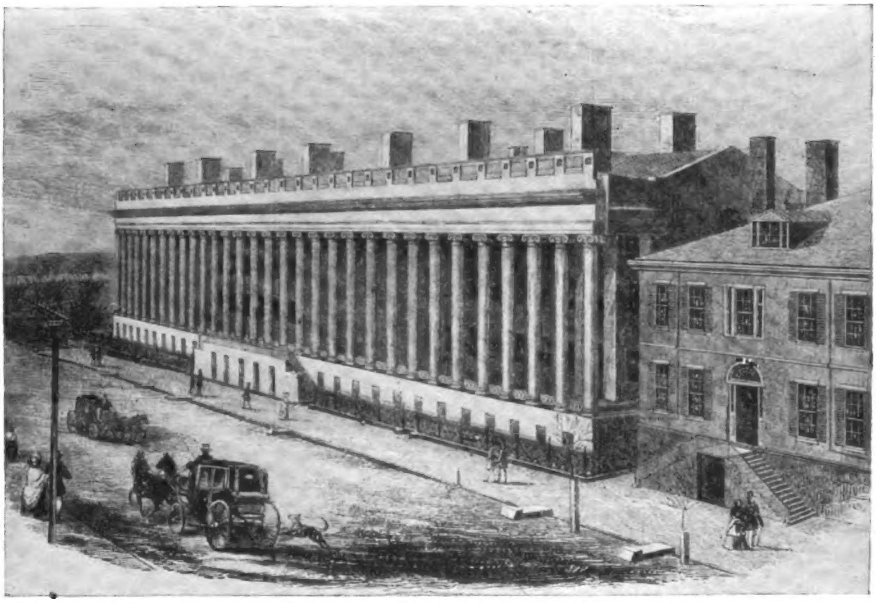
Now came the momentous question of selecting the man to head this important Department, more important then than at any future time, for a Secretary was needed who would not be alone the administrative head of the Department, but who would be in fact a Minister of Finance, who could evolve a scheme whereby a revenue could be had sufficient for all requirements and without burdening the people already struggling under the weight entailed by eight years of war. Oliver Wolcott, Jr., who had been connected with the old Colonial Treasury system, and who had some reputation as a financier, was an open candidate for the place, but Washington was one who always moved slowly. There was one man in whose financial ability and wisdom the new President had the supremest confidence, and he turned to Robert Morris for counsel in his dilemma. It is highly probable he had hoped that Morris would himself accept the trying place, and it may be he offered him the position, but Morris promptly declared there was but one man in the nation equal to the task, and that was Alexander Hamilton. Morris declared that Hamilton was the greatest financial authority in the country, and if Congress would follow his suggestions, the country would become rich and prosperous. Hamilton had been on Washington's staff a part of the time during the war, but had been rather summarily relieved from duty. Washington knew him as an able publicist, and recognized that his defense of the Constitution had had much to do with securing its ratification, but had not recognized his financial knowledge or ability; so the country is indebted to Robert Morris for securing to its service the man acknowledged to have been one of the less than half a dozen really great Ministers of Finance the world has known.

Hamilton was appointed, and as Webster so aptly and eloquently said: "He smote the rock of the national resources, and abundant streams of revenue gushed forth. He touched the dead corpse of Public Credit, and it sprung upon its feet." With Hamilton, Wolcott was appointed Auditor; Nicholas English, Comptroller; Samuel Meredith, Treasurer, and Joseph Nourse, Register. Mr. Nourse served as Reg-

ister nearly forty years. Thus the Treasury Department was formed.

Early Difficulties of the Department.

Hamilton found the Treasury empty, the new nation without credit, and without a scheme for raising a revenue. He found it also heavily burdened with debt, having inherited the debts of the old Colonial Congress, as well as those of the Confederation. The first proposition of the new Minister of Finance to Congress was so bold and daring, that many thought him insane, or at least a visionary. His proposition was that Congress should declare that the public debt, foreign and domestic, should be paid dollar for dollar, and that the Federal Government assume the war debts of the States. The first of the two was startling enough, but the second stamped him as a visionary. A new nation, without money, without revenue, without credit on which to obtain money, already loaded down with debt, to assume an obligation to pay millions for which it was not and could not be made responsible! The domestic debt was almost wholly in the hands of the speculators who had bought in the evidences at a heavy discount. To pay them the price they paid with interest, was enough, so thought and said the wise men in Congress. But Hamilton urged that the nation to be prosperous must have credit; to be rich the people must be prosperous; to declare its intention to pay its entire debt dollar for dollar would establish its credit. He argued it was not only honest to pay dollar for dollar, but that he could readily produce a revenue that would be amply sufficient.



Treasury Building Erected 1835-'40. State Department Building on Right.

To obtain the needed revenue it was necessary to make the people prosperous. He remembered, no doubt, the course of that other great Minister of Finance, Colbert, who took an impoverished and war-stricken nation, and by giving aid and encouragement to the industries of his country, in the course of a very few years made it again the richest and most prosperous in the world. What a Minister of Finance Louis XIV. had! He was a construc-

tive statesman, a creative genius, and Alexander Hamilton was the American Colbert.

Hamilton prevailed, the payment of the debt was promised, the obligations of the several States assumed. He had "touched the dead corpse of Public Credit, and it sprung to its feet." Then "he smote the rock of the national resources." A schedule of customs duties, planned to produce revenue and at the same time encourage American industries, was adopted, and the debts were paid without trouble, without distressing the people. All this was one hundred and twenty years ago, and that scheme of customs duties still prevails.

Hamilton started the Government on the high road to prosperity, and when we have walked in his footsteps we have been prosperous and the revenues have been abundant; when we have strayed away from his line troubles and disasters have come. It is not intended to follow Hamilton nor any of his successors through the whole course of their administration, but to dwell only long enough at the important points to mark the results.

Four Great Epochs in the Department's History.

The Treasury Department has had four great epochs in its history. First, when Alexander Hamilton was made Secretary; second, when Roger B. Taney, at the behest of President Jackson, arbitrarily departed from the law and the practice as to the custody of the public money, resulting later in a financial panic that closed the doors of nearly every bank in the country, and still later brought about the establishment of the present sub-Treasury scheme. The third was under Salmon P. Chase, when, for the first time in its history, the Government went into the banking business, and the fourth was when John Sherman, with an iron will and the sagacity of a prudent statesman, brought about the resumption of specie payments. All intermediate events were but secondary, calling for but little comment from the historian. Mr. Jefferson, in his party zeal and strong dislike of Hamilton, sought to make an epoch in the history of the Department, but his efforts failed, as will be shown when the administration of Albert Gallatin is considered.

Hamilton's Retirement from the Secretaryship.

It is not necessary to go into the history of the causes which brought about the retirement of Mr. Hamilton from the Treasury Department, more than to say that the eighteenth century had its "muckrakers," and that they are not a product of the twentieth century. Before he retired, however, he had planted his principles of finance and had grafted them on the public service so that we have the main points with us to this day. He was followed in the Secretaryship by Oliver Wolcott, Jr., who had his first financial lessons under the Confederation, and during the administration of Hamilton, first as Auditor and then as Comptroller. He was not a constructive statesman like Hamilton, but was a master of detail, and he was the author of the scheme for the collection of customs duties and internal taxes, and so perfectly was the scheme formulated that to this day there has been little or no change.

Unfortunately for the temporary reputation of Mr. Wolcott, the building occupied by the Treasury Department was destroyed by fire only a few days after his retirement from the office of Secretary, and before he had removed his private papers from the building. This gave his enemies the opportunity to charge, by inuendo, if not openly, that he had caused the fire for the purpose of destroying all evidence against himself and his predecessor of frauds against the Treasury.

The First Treasury Building.

It will be remembered that Hamilton won the assumption of the debts of the States by agreeing to give the banks of the Potomac the permanent seat of the Government. It was determined to build a new city in the wilderness, and while that city was in process of being made ready for the officers of the Gov-

ernment it had a temporary habitation first at New York and then at Philadelphia. Among the first buildings erected for public use in the embryo city on the Potomac was a small wooden structure designed for the use of the Treasury Department. It was located on the corner of Fifteenth and Pennsylvania avenue, not far away from the President's house. It was designed that all the administrative de-

Treasury Building, 1909. South and West Fronts.

partments should be in the immediate vicinity of the White House. This new home for the Treasury Department was an unpretentious structure, two stories high, containing some eight rooms. It was designed by George Hatfield, an English architect, and, perhaps, was fairly well suited for the purpose for which it was intended. The Secretary's room was in the second story.

The Government was moved to Washington from Philadelphia in the summer of 1800. It was at a period of the most intense political excitement the country had known up to that time. Jefferson and Burr, the leaders of the opponents of the Federalists, received a majority of the electoral votes, but as it was a tie between them the election was thrown into the House of Representatives. There, after a protracted struggle, in which the bitterness was increased, Jefferson was declared a winner. In December of that year Mr. Wolcott resigned from the cabinet, and Samuel Dexter, Secretary of War, was placed at the head of the Treasury Department as Secretary ad interim.

On January 20, 1801, a fire was discovered in a room near that used as the office of the secretary. It was a wooden building, and as there was no fire department, and water was scarce, the only supply being obtained from one or two wells in the vicinity, the building was destroyed. One of the employes appeared to be exceedingly officious in disseminating the story that while the fire was burning he noticed Mr. Wolcott loading a cart with papers he had brought from one of the rooms, and that when he asked for orders the secretary curtly told him he had none to give, as he was no longer secretary. This story got into the papers, and soon was sent

broadcast over the country. A committee of Congress was appointed to make an investigation, the committee completely exonerating Mr. Wolcott, finding that the papers he removed were his own personal property and had nothing to do with his official acts. Only a few nights before the Treasury building was destroyed that of the War Department had been burned, and political rancor was quick to seize upon these two accidents, coming so close together and so near the end of an Administration, as being indicative of great frauds which it was necessary to conceal. It is proper to say that an investigation disclosed that no very important documents were lost by either conflagration. The most important were some connected with the General Land Office, which was under the jurisdiction of the Treasury Department. When Virginia ceded the territory northwest of the Ohio River to the general Government, it was necessary to establish a land office; and as a goodly part of the revenue of the Government was expected to come from this source, it was made a part of the Treasury Department.

During its history the Treasury Department was twice afterward destroyed by fire. To replace the wooden building burned in January, Congress authorized the erection of one after a more pretentious style. This was a brick structure, the plans being drawn by Mr. Joseph Nourse, who was Register of the Department. It cost, completed, $12,000. It was fairly well suited for the purpose, and was provided with a brick vault in which to keep the most valuable documents. In August, 1814, the British entered Washington, and this, with other public buildings, was destroyed, but in anticipation of that unfriendly visit nearly all the records had been conveyed to Leesburg, Virginia. For two or three years the Department occupied temporary quarters until a new building could be provided. This was much larger than the one destroyed. The country had grown rapidly, and even before the destruction by fire the need of larger quarters had been felt, and some efforts had been made to induce Congress to make an appropriation for an addition to the building.

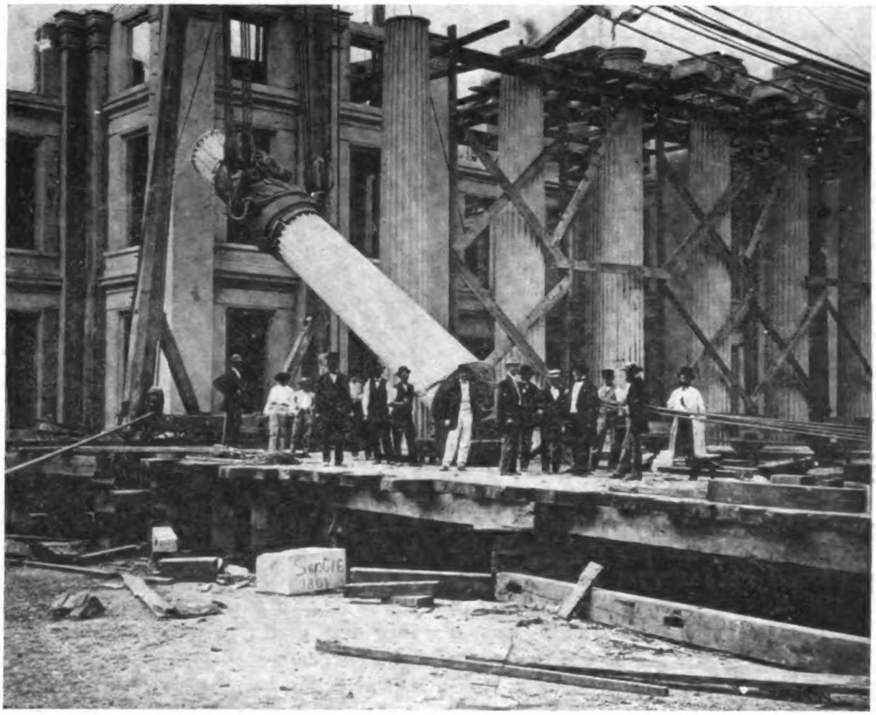
The new building was ready for occupancy in 1817, and it stood until May, 1833, when fire once more left the Department without a home. By this fire nearly the whole of the correspondence of the secretary from the first organization of the Department was lost. It was believed at the time the fire was the work of an incendiary. An investigation was made by order of President Jackson, conducted by the Secretary of the Treasury, Secretary of State and Attorney General, but no definite conclusion was reached as to the origin of the fire.

After this fire the Department rented a building occupied by one William Cox as a residence and liquor store. Out of this circumstance grew an amusing petition to Congress a year or two later. In his petition Cox set forth that to give the Government possession "he removed at an immense sacrifice, expense and breakage, and in such a hurry and confusion" that his loss was very great; that "having to occupy three different buildings his liquors and wines were all shaken up, and rendered entirely unsalable." He also related how at one time the rains fell so heavily that the water to a depth of three feet got into the cellar where his liquors and wines were stored and watered his stock without his permission, and to such an extent as to cause him great loss, and at another time how "a heavy blow and rain" caused the shelving in his storeroom to fall, whereby his most costly Maderia was destroyed. Misfortune seems to have followed Mr. Cox, for his petition relates how one night thieves entered his store and robbed his till of $73. For all these losses, together with the trouble and expense entailed on him in his frequent movings, he asked to be reimbursed.

Beginnings of the Present Building.

It was not until 1836 that Congress authorized the construction of a new building, and there was much wrangling over deciding on a site. It was pro-

posed to put a clause in the bill providing that the site selected should be such as not to obstruct the view along the avenue from the Capitol to the White House. Just at that time a war was going on between the two houses of Congress and the President, and it may be the Congressmen wanted to have it so they could watch the White House from their end of the avenue. The clause was not put in the bill, but it was understood as being the desire of Congress that the avenue view should be left unobstructed. The bill provided an appropriation of $100,000, and the building was to be made as nearly fireproof as possible. There was much contention in Congress over this large appropriation and many members wondered what would be the need of so large a building, and it was frequently predicted that the proposed building would be large enough for a hundred years to come. How little those men saw into the future. Since that time three large wings have been added, and yet the Department has been compelled to purchase two other large buildings, and rent some two or three more, and is still crowded for room, and this, too, after several bureaus have been taken away from it and placed under other departments.



Placing a Column on West Front of the Treasury, 1861.

After the appropriation was made there was considerable delay in selecting a site. The story goes that President Jackson got tired of the delay, and one morning walked out in his nervous, impatient way, sent for the architect, and then sticking his cane in the ground, said: "Put the cornerstone there, sir; put it there!" Whether this tradition be true or not, certain it is that when Congress inquired of him why he placed the building on that site the architect replied that he did so by the positive orders of the President. The work of building proceeded so slowly that after

awhile Congress grew impatient, and the selection of the site once more came into question. A committee condemned the plan, the material and the site, setting up that the material was not fireproof, and that if the building was continued on the present plan it would necessitate the tearing down of the building occupied by the State Department, and recommended that the work be stopped, the building torn down and the material used for the erection of a new building for the Postoffice Department, which also had been burned. The recommendations of the committee were not concurred in, and work was resumed. By 1842 the building was completed at a cost of $660,773.

The country continued to grow, and with it the demands for an increased Treasury Department. By 1865 it had grown out of the quarters that twenty years before were thought large enough to answer for a hundred years, and Congress ordered the erection of three new wings, one on the south end and another on the north, and one on the west side, and appropriated $300,000 to begin the work on the south wing, which was completed in 1861. The war came, and all further work was stopped until 1864 when the building of the west wing was commenced. In 1866 the State Department was moved and its building torn down, to make way for the north wing, which was commenced the following year, and completed in 1869. By this time the cost of the building had reached $6,127,465. Since then several hundred thousand dollars have been expended in improvements. Hundreds of tons of important archives belonging to the Department are at present stored in buildings which are veritable fire-traps, and yet Congress hesitates to put up a fire-proof building for these valuable records. In the vaults of the building are stored millions of gold and silver and paper money, and other millions of what is known as "emergency currency," waiting the time when there comes a tightness in the money market and the banks call for relief.

When the Department was first organized it consisted of a Secretary, an Assistant to the Secretary, one Auditor, a Comptroller, a Register and a Treasurer. The official force now consists of a Secretary, three Assistant Secretaries, six Auditors, a Comptroller and an assistant, a Register, a Treasurer, an Assistant Treasurer, a Deputy Assistant Treasurer, appointed by the Treasurer, a Commissioner of Internal Revenue, a Director of the Mint, a Comptroller of the Currency with two assistants, one appointed by the President and one by the Secretary, and a General Superintendent of Life Saving Service.

(To be continued.)

IRRIGATION IN MEXICO.

IN a recent report Consul Clarence A. Miller, of Matamoros, calls attention to the operations of an irrigation company which has undertaken the improvement and settlement of a vast tract of land lying in the lower Rio Grande and San Juan valleys, and points out the great opportunities offered to American manufacturers and merchants by the development of this near-by Mexican territory. He says:

"The company owns some 2,000,000 acres in northern Tamaulipas, bordering on the Rio Grande and San Juan rivers, and has received a subsidy of about $6,000,000 gold from the Mexican government to be used in the development of this tract and for the establishment of irrigation plants and the purchase of machinery. By the terms of its concession the company is bound, first, to irrigate a tract of 250,000 acres on the Rio Grande, and afterwards another tract of 350,000 acres on the San Juan, to furnish thirty inches of water yearly for each acre, and within the next five years to place 12,000 families on the land.

"To solve the problem of settlers, a colonization company has been formed, which agrees to supply a given number of families each year from Europe, and families may even be brought from China and Japan to be placed on land that lies more than 60 miles from the American border. The immigrants will be permitted to settle in the tract without a cash payment, and will be allowed to pay for the land out of profits made from it. The probable cost to such settlers will be about $50 gold per acre, a price which is much lower than that now brought by land on the Texas side of the river."

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

FALSE ENTRY—NOTE GIVEN TO INCREASE BANK'S ASSETS.

HAYES vs. UNITED STATES.

U. S. CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT, MARCH 17, 1909.

If the officers of a national bank should procure a note to be given to the bank by an irresponsible person, for the purpose of apparently, but not really, magnifying the bank's assets, and should thereafter make an entry in a report required by law to be made to the Comptroller of the Currency, including such note as a *bona fide* asset of the bank, with intent to deceive the Comptroller, this would be a false entry within the meaning of the national bank act.

But where the maker of the note is a responsible person and the bank may enforce the same against him, the mere fact that he made the same without consideration and for the purpose of preventing an impairment of the capital stock of the bank does not make the entry a false one.

BEFORE ADAMS, Circuit Judge, and RINER and AMIDON, District Judges.

ADAMS, Circuit Judge: Defendant Hayes was charged in the indictment with having violated the provisions of section 5209 Rev. St. (U. S. Corp. St. 1901, p. 3497) by making a false entry in a report made to the Comptroller of the Currency, on November 17, 1904, concerning the condition of the First National Bank of Lexington, Okl., of which he was cashier. The false entry charged to have been made concerned the amount of loans and discounts of the bank on November 10, 1904. He was convicted, and brings the case here for review.

Whether or not there was a false entry in fact depends upon whether a certain note made by one Ray Farmer, amounting to $1,125, was properly treated in the report as a loan and discount. The counsel for the government make this concession in their brief:

> The whole case depends upon the evidentiary fact whether the note for $1,125, purporting to have been given by one Ray Farmer, which entered into and contributed to the aggregate of loans and discounts reported and alleged to be false, was a loan or discount of the bank.

The facts are practically undisputed. For some time prior to November 10 the financial condition of the bank had been dubious and uncertain. The president, James, the cashier, Hayes, and the assistant cashier, Ingram, had not drawn their salaries for about five months. The total amount of the unpaid salaries was $1,125. The reason for not drawing them was that the addition of that amount to the expense account would show an impairment of the capital of the bank. Each of those officers, having individual accounts in the bank, had overdrawn the same in the aggregate to the amount of their unpaid salaries, namely, $1,125. Sime time before November 10 a bank examiner, on looking over the affairs of the bank, re-

quired the overdrafts to be made good. To accomplish this the officers got Mr. Farmer to execute his note to the bank for their accommodation, had it discounted by the bank and entered in the books as a loan and discount like any other note of that character, and had the proceeds credited to their individual accounts, thereby making good their overdrafts.

The evidence discloses that Farmer was induced to make the note, after a full explanation of the condition of the bank, for the purpose of raising a fund to cancel the overdrafts. The note was accommodation paper so far as the officers were concerned. As between them and Farmer, the former were the principal debtors and the latter was the surety only; but, as to the bank, Farmer was the principal, if not the only, debtor, and without any doubt became liable to the bank for the amount of the note, which had been discounted at his request in order to enable his friends to make good their overdrafts and thus conform to the requirements of the bank examiner.

The testimony has all been very carefully examined, and we fail to find anything indicating that this was a sham transaction in any other sense than that it was an accommodation note. There is no substantial evidence tending to show that Farmer was insolvent or unable to respond to the demand of the bank for the payment of the note at any time, or that there was any understanding between him and the officers of the bank that he should not be held on the note if they should be unable to protect him from liability by paying it or taking care of it themselves. It is true there are some declarations proved against the defendant in this case to the effect that Farmer "was not supposed to pay the note," and the bank examiner testified, six months after the note was given, that he asked defendant Hayes about it, and that the latter then said:

> It was no obligation of Ray Farmer; that it was an accommodation note of himself, Mr. Ingram, and Mr. James, but Ray Farmer was not liable.

After reading the testimony, and considering all the declarations of Hayes relied upon to show that the note was not a genuine or real transaction, we have reached the conclusion that, giving full force and effect to all his declarations, they are referable to the accommodation character of the note solely, and, so treating them, they clearly and truthfully express the legal relations between Farmer and the persons for whose accommodation the note was made, namely, that as between them Farmer was not supposed to pay it—that as between them Farmer was not liable. In view of this kind of testimony and of the relation of the parties, we have concluded that there is no substantial testimony in this case which warranted the jury in finding that this was a mere sham transaction, devised for a wrongful purpose, and with the intent that under no circumstances should Farmer be liable to the bank on it.

While evidence, to convict of crime, may be circumstantial and inferential in its character, it must always rise to that degree of convincing power which satisfies the mind beyond a reasonable doubt of guilt. This can never be the case when the evidence as produced is entirely consistent with innocence in a given transaction. We are of opinion that all the evidence relied on to show that there was an understanding that the Farmer note should be treated differently from any other accommodation paper held by any bank among its assets, when taken in connection with the admitted facts of this case, is entirely consistent with an innocent regarding of the paper in November, 1904, as a proper and lawful item of loans and discounts.

It may be conceded that if the officers of the bank procure a note to be given to the bank by an irresponsible person, with the intent of apparently, but not really, magnifying the bank's assets, and should thereafter make an entry in a report required by law to be made to the Comptroller of the Currency, including such note as a bona fide asset of the bank, with either of the intents denounced by section 5209, such an entry,

even though of a paper in actual existence would be a false entry, within the meaning of section 5209. This, we think, would not contravene the doctrine of Coffin vs. United States, 156 U. S. 432, and other like cases. But such concession does not help the government in this case. There was no substantial testimony tending to show that the note here involved as the subject of the false entry was any such sham affair as stated in the concession just made.

Believing that there was no case against the defendant on the merits, and that the court erred in not giving the instruction for a peremptory verdict of not guilty as requested by his counsel, we refrain from considering the legality of the constitution of the grand jury which indicted the defendant, and other questions of a dilatory or technical character, which were exhaustively argued by counsel.

The judgment of the District Court is reversed, with directions to grant a new trial.

CASHIER—ISSUE OF HIS INDIVIDUAL CHECK FOR DEPOSIT —LIABILITY OF BANK.

CASTELLO vs. CITIZENS STATE BANK OF MANAWA.

SUPREME COURT OF WISCONSIN, OCT. 5, 1909.

Where a person deposits money with the cashier upon the understanding that the deposit is made with the bank, he may recover the amount of the bank, though the check given is the individual obligation of the cashier, if this fact is not noticed by the depositor at the time, and the check is not retained after knowledge of its character.

TIMLIN, *J.:* Upon a complaint averring that on August 28, 1906, the plaintiff deposited with defendant bank $1,527.04 under a contract made with said bank that, if the said money should remain on deposit for a period of six months from said date, said bank would pay to the plaintiff said sum with interest thereon at the rate of three per cent. per annum, or, if not left six months so as to draw said rate of interest then to be paid to the plaintiff at any time prior to the expiration of said six months on her demand, and that demand was made and payment refused, the plaintiff recovered of the defendant bank the said sum with interest from the date of demand. Defendant appeals, alleging error, in that there was a material variance between the allegations of the complaint and the proofs, and error in overruling defendant's motion for direction of a verdict in its favor.

The evidence of the respondent tended to show that her husband, having this money in the hands of defendant's cashier deposited in the account of the latter in the defendant bank and presently payable, desired to give the money to the respondent, and made this known to the cashier, the respondent, and others present. He told the cashier to give the respondent a certificate of deposit, and advised her to get a certificate of deposit.

The cashier then informed her that, if she left the money in the bank for six months, she would get three per cent. interest, and, if she took it out before that time, she would not get any interest, and at the same time wrote out his personal check on the defendant bank and handed it to the respondent, who looked at it, supposing it to be a certificate of deposit, and took and kept possession of it without demand of payment until January 19, 1907, and without actual knowledge of its true legal character.

Respondent was at the time a married woman 31 years of age, had lived on a farm all her life except the two years preceding the transaction in question, during which time she lived in the village with her husband, who kept a livery stable. She had no separate estate, and had never been in any line of business. There was nothing to suggest a loan of money from respondent to the cashier personally unless it be the check above mentioned. The cashier was the principal executive officer of the defendant bank, and had full charge of all its business.

There was upon the foregoing facts

at least a question for the jury whether or not the cashier understood that the respondent and those speaking for her were proposing a contract of deposit between respondent and the bank to be made through the cashier in his official capacity, and whether or not the cashier did not in this capacity assent to the same or designedly lead the respondent to believe that he assented to the same, prior to the execution of the check in question. As to the respondent, the cashier was prima facie representing the bank, and he in no way prior to the execution of the check brought the fact to her notice or knowledge that he was acting or claiming to act in his personal or individual capacity.

The contractual effect of passing out the check under the circumstances to an inexperienced woman was at least a matter for the jury. (Kaley vs. Van Ostrand, 134 Wis. 443.) If the cashier intended that the plaintiff should understand the respondent was making a contract with the bank and the plaintiff did so understand, that is sufficient; there being an obvious consideration for such a contract. The cases cited by the respondent and above noted amply sustain the authority of the jury to find a contract of deposit between the respondent and the bank upon this evidence. (Heim vs. First Nat. Bank of Humboldt, 76 Neb. 831.)

The appellant next contends that by accepting the personal check of the cashier on August 28, 1906, then failing to examine it carefully or to read it, and thereafter holding it until January 19, 1907, without examination of the check or objection, brought the case within the rule of Bostwick vs. Insurance Co., 116 Wis. 392, and that the trial court should have directed a verdict for defendant.

There was no request upon the part of the appellant to have the question of waiver or estoppel submitted to the jury, but it is claimed that by reason of the facts aforesaid, coupled with the fact that the respondent admitted that had she carefully examined the check, she would have known the difference between that and a certificate of deposit, and the further fact that had she presented the check for payment at any time within sixty days after its receipt by her it would have been paid by the cashier, a verdict should not have been directed for the appellant. The check was headed with the name of the bank, followed by these words: "Pay to the order of Mrs. Thomas F. Castello $1,527.04 fifteen hundred twenty seven and four one-hundredths Dollars. G. E. Soli." The ordinary form of a certificate of deposit following the same heading would have been: "This certifies that Mrs. Thomas F. Castello has deposited in this bank $1,527.04 (repeated) payable to her order upon the return of this certificate properly endorsed. G. E. Soli, cashier." This would probably be followed by a memorandum printed or stamped thereon relating to the interest terms. The difference is very plain to a lawyer, and the difference is rather in substance than in appearance or form, and to an inexperienced person the difference is not so striking as to arouse attention, even though such person might, upon carefully reading it, have observed and appreciated the difference.

We must take up this question upon the assumption that prior to the delivery by the cashier of his personal check to the respondent there was an oral contract of deposit made and concluded between the respondent and the bank as found by the jury. Its terms were all agreed upon, and it remained for the cashier to reduce them to writing in the form of a certificate of deposit. (Bostwick vs. Insurance Co., 116 Wis. 392, much relied upon by appellant, is not in point.) This was an action at law to rescind a contract whereby the insurance company undertook to deliver a certain kind of policy or contract. The transaction sought to be rescinded was, in effect, a sale of several policies of life insurance to Bostwick and others. The latter received and retained for a long time the thing purchased without carefully examining it for defects patent on its face, and during this time had the option, in case of death, to hold

the insurance company as insurer. There was no existing insurance contract between Bostwick and the company at the time the company sent in the proposed policy, but the policy was forwarded to Bostwick in execution of a contract for the same and under a claim that it complied with the prior executory agreement.

In the case at bar there was first a valid oral contract between thè bank acting through its cashier and the respondent for which the cashier without the knowledge or consent of the respondent substituted a writing in a form and to a person entirely unauthorized. The cashier's check thus never became a contract at all because not assented to, nor even a proposal to contract because not brought to the attention of the other party. The prior oral contract could only be revoked by mutual consent or discharged by release, or its enforcement prevented by estoppel.

There was neither revocation, release, nor estoppel in the case at bar by mere retention of this check without knowledge of its contents on the part of respondent and under the mistaken impression that it was given pursuant to and truly represented the anterior oral contract of deposit. True, the acceptance and retention of the check was evidence going to show that the contract of deposit was made with the cashier personally and not with the bank, while the sex and inexperience of the respondent and her apparent reliance upon the bank, and the fact that she did not read or examine the check or know its contents, were facts tending to the contrary.

Waiver must be with knowledge or with reasonable means of knowledge of the facts and with intent to forego some right, although the knowledge may be either actual or constructive and the intent expressed or implied. (Pabst Brg. Co. vs. Milwaukee, 126 Wis. 110; McNaughton vs. Insurance Co. [decided herewith] 122 N. W. 764.) The probative effect of her retention of the check under such circumstances is not so absolute as to authorize the direction of a verdict for the defendant.

The judgment of the circuit court is affirmed.

NOTE GIVEN TO BANK AS COLLATERAL SECURITY.

LOWELL vs. BICKFORD.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, MAY 4. 1900.

A bank discounted the note of P., indorsed by B. This note was not paid at maturity, and the bank agreed to give P. and B. reasonable time on the note, if B. would give a demand note, signed by himself and his wife, as collateral security.

Held (1) That taking the demand note as collateral for the pre-existing debt made the bank a holder for value as against B.'s wife, who was an accommodation maker;

(2) That the fact that the note was payable to the bank did not prevent it from becoming a holder for value.

The holder of a negotiable promissory note, payable to bearer or payable to order and indorsed in blank, may sue on it in his own name; and he is not required to prove that he owns the note, or if not that he has the consent of the true owner to bring suit on it in such form.

THE Winnisimmet National Bank was the holder of a promissory note for $1,000, signed by one O. H. Perry, payable to and indorsed by the defendant Scott Bickford, which fell due on March 1, 1902. This note had been discounted for Bickford, but Bickford handed the proceeds to Perry. At maturity the note came back unpaid and duly protested. The cashier of the bank then demanded payment of Bickford. Bickford said that he was unable to pay it then, that the maker was sick and would pay it as soon as he got well. On the next day the bank agreed to give Bickford and Perry reasonable time on the note if Bickford would give the bank a demand note for the same amount, signed by him and his wife. This was done on the one hand to put the bank in the position of having paper for the Perry note, which was not overdue, and on the other hand to avoid pressing Bickford to an immediate payment; and this was stated in terms by the officers of the bank to Bickford. Thereupon the note sued on was handed to the bank by Bickford, on the day of its date. This note was a joint and

several note, payable on demand to the order of the bank, signed by Bickford and his wife.

Loring, *J.* (omitting part of the opinion): There is nothing inconsistent in the bank's agreeing to give time for a reasonable period on the old note if a new note payable on demand, signed by Scott Bickford and his wife, was given as collateral. It is true that the bank could have sued Bickford and his wife immediately on the new note. But Bickford and his wife appear to have been willing to take their chance of that if time was given on the old note. And the reason why they were willing to take that chance on the new note is plain. The officers of the bank did not dare to leave an unpaid overdue note uncollected and not in suit, unless they had security for it. But the new note signed by Bickford's wife as well as by Bickford himself, being payable on demand, could be safely left uncollected and not in suit.

The promise of the bank to forbear suing on the original note was a binding promise. The case does not come within Jennings vs. Chase, 10 Allen, 526, and Walker vs. Russell, 17 Pick. 280, relied on by the defendants. In delivering to the bank another note signed by his wife as well as by himself the defendant did something he was not theretofore bound to do.

Taking the demand note as collateral for the pre-existing debt made the bank a holder for value of the note as against Carrie S. Bickford, who was an accommodation maker. (Rev. Laws, c. 73, § 42.) (See, also, Goodwin vs. Mass. Loan & Trust Co., 152 Mass. 189; National Revere Bank vs. Morse, 163 Mass. 383, decided before the enactment of the negotiable instruments act.) The fact that the demand note was payable to the bank did not prevent its becoming a holder for value. (Boston Steel & Iron Co. vs. Steuer, 183 Mass. 140; Thorpe vs. White, 188 Mass. 333.) An accommodation party to a note cannot set up lack of a consideration against a holder for value. (Rev. Laws, c. 73, § 46.) This case therefore does not come within Ellis vs. Clark, 110 Mass. 389, relied on by the defendants. No question of pleading was raised at the trial, and by Rev. Laws, c. 173, § 3, the two makers of this note could have been joined in one action on their several contracts therein contained.

There was no pre-existing debt in existence when the wife's note was given in Widger vs. Baxter, 190 Mass. 130.

It is the settled law of this commonwealth that a holder of a negotiable promissory note payable to bearer or payable to order and indorsed in blank can sue on it in his own name. (Little vs. O'Brien, 9 Mass. 423; Beekman vs. Wilson, 9 Metc. 434; Peaslee vs. McLoon, 16 Gray, 488; Whitton vs. Hayden, 9 Allen, 408; National Pemberton Bank vs. Porter, 125 Mass. 333; Spofford vs. Norton, 126 Mass. 533.) It is not necessary for him to prove that he owns the note or if not that he has the consent of the true owner to bring suit on it in his own name.

NOTE GIVEN FOR AMOUNT OF DEFALCATION—VALIDITY OF CONSIDERATION.

GALENA NAT. BANK vs. RIPLEY.

Supreme Court of Washington, Nov. 12, 1909.

The forbearance by a bank to press its valid claims against the estate of a deceased officer for his defalcation is a sufficient consideration for a note for the amount of such defalcation executed by the officer's son.

THIS was a motion for a new trial in an action brought upon three promissory notes by the Galena National Bank against E. Ripley. The motion was based upon a newly discovered letter written by the cashier of the bank.

Crow, *J.* (omitting part of the opinion): The fact that the cashier desired an adjustment of the shortage before the arrival of the bank examiner does not necessarily show an unlawful or invalid consideration. Such a desire was certainly business-like, and no improper motive can be inferred from the single

fact that the cashier communicated it to the respondent and requested him to make a settlement of the defalcation by giving his notes. The newly discovered letter adds no material fact to the case, nor does it sustain the respondent's contention that the notes were given without any valid consideration or for an invalid consideration. Respondent admitted that he did not want his father's defalcation made public. He so stated in letters written to appellant before and at the time of the execution of the original notes. The bank could only keep the matter quiet by refraining from making any claim against the father's estate, thus releasing its claim, which it did. Respondent must have contemplated this forbearance on the part of the bank when he wrote the letters and later executed the notes.

In his letter of October 18, 1903, transmitting the original notes to the appellant bank, he said: "I sign and inclose the notes herewith and will try to pay every dollar in the specified time. But you know what a hard thing that is with limited resources. I forward this with the understanding that this unhappy affair is known only to myself and you." The writing of this letter, which was in evidence, is admitted by the respondent. His claim that the notes were not to be paid by him is effectually disputed by it, and by his subsequent acts in making renewals and partial payments.

The undisputed facts and circumstances of this case lead to the inevitable conclusion that the consideration for the notes was the forbearance of the bank from prosecuting or pressing its valid claim against the father's estate. Such forbearance upon its part constituted a good and valid consideration. (Bissinger vs. Lawson, 57 Miss. 36; Nowlin vs. Wesson, 93 Ala. 509; Carpenter vs. Page, 144 Mass. 315; Taylor vs. Clark [Tenn. Ch.] 35 S. W. 442.)

NOTES OF CANADIAN CASES AFFECTING BANKERS.

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ASSESSMENT — BANK, INCOME OF—DEDUCTIONS FOR LOSSES WRITTEN OFF DURING THE YEAR—DATE OF ASCERTAINMENT OF SUCH LOSSES ASSESSMENT ACT, 1903, *AMENDMENT ACT,* 1905, *CAP.* 50 — *"TRANSACTION," MEANING OF.*

In Re Bank of Montreal Assessment (14 B. C. R., p. 282).

Form 1 of the schedule of forms to the assessment act, as enacted by chapter 50 of the statutes of 1905, provides among the deductions permitted in making returns of incomes earned by banks: "Losses written off during the year, such losses being written off within six months of the time they were ascertained, and not covering transactions antedating that date more than eighteen months:"—

Held, on appeal, reversing the decision of the Court of Revision, that, the enactment being doubtful as to whether the inception or completion of the transaction was meant, the doubt must be resolved in favor of the taxpayer.

APPEAL from the Court of Revision and Appeal at Victoria on March 25, 1909. The net income of the bank for the year was $94,200, but during the year there was written off, as losses, sums amounting in the aggregate to $300,000, extending over a considerable period of time. The statutory form of return of income by banks requires them to show "losses written off during the year; such losses being written off within six months from the time they were ascertained and not covering transactions antedating that date more than eighteen months." The losses in question here admittedly arose out of loans made more than twenty-four months prior to the time they were written off, but, it was contended, were not ascertained until they were written off.

Judgment (Hunter, *C.J.;* Irving, *J.,* and Morrison, *J.):* The judgment of the Court was delivered by Chief Justice Hunter, as follows: The question in this appeal is whether or not the

appellant bank is right in claiming to deduct a loss of $300,000, which was admittedly written off within the year for which the assessment was made. The statute in Form No. 1 provides that deductions may be made for "losses written off during the year. Such losses being written off within six months from the time they were ascertained and not covering transactions antedating that date more than eighteen months."

The $300,000 transaction had its inception long before the eighteen months, but the bank contends that the completion of the transaction of credit must have occurred before the eighteen months. If the language had been "and not including loans or credits made or given more than eighteen months before that date," the intention would have been clear, although the effect would be to force banks to reduce the length of credit or forbearance which they might otherwise extend to customers, which might result in some cases in ruin.

The question, however, is whether the word "transaction" is to be interpreted as referring to the act of lending or giving credit, or to the entire period of forbearance or credit given. Mr. Maclean argued that the latter interpretation would reduce the last member of the clause to a nullity, but it may have been designed, as Mr. Senkler suggests, to prevent banks carrying over in "uncollectible debts" accounts losses which they had in reality long before written off and so prevent evasion of the Act. However that may be, I think there is sufficient doubt about the matter to resolve it in favor of the subject, and that as there is nothing to show when the period of credit came to an end, I think the appeal should be allowed.

CONTRACT — DELEGATION OF PAYMENT—REVOCATION OF AUTHORITY.

THE BANK OF OTTAWA vs. HOOD (42 S. C. R., p. 231).

THIS was an appeal in the judgment of the Superior Court in review affirming the judgment of the Superior Court of the District of Montreal, by which the appellant was ordered to account to the respondent for certain moneys received by it from the Government of Canada in connection with a contract for the construction of public works by the firm of Brewder & McNaughton.

The firm of Brewder & McNaughton, contractors for the works to be constructed for the Government, sublet their contract to the respondent. After assuming the contract, the respondent raised a question as to the manner in which payments for the work were to be made to him, on progressive estimates, and this formed the subject of correspondence between Brewder & McNaughton and the appellant, that firm having already given the Ottawa branch of the bank a power of attorney to draw these moneys from the Government. The respondent wished to be furnished with an undertaking by the bank to pay to him in Montreal the moneys it received under the power of attorney, and the bank's manager, at Ottawa, wrote a letter to Brewder & McNaughton, stating that "as each payment is made to the bank by the Government it will, with your consent, be forwarded to William Hood & Son in payment of their work."

This arrangement having been assented to by Brewder & McNaughton, the bank wrote to the respondent in regard to drawing the moneys in Montreal, referred to the correspondence with Brewder & McNaughton and enclosed a copy of their letter assenting to the arrangement above mentioned. The moneys received by the bank from the Government were credited to the firm of Brewder & McNaughton and, upon their instructions, certain of the payments were forwarded to the respondent, none being so forwarded except those so authorized. Subsequently, Brewder & McNaughton notified the bank to make no more payments to the respondent and, on their order, some payments were made to another person. In August, 1901, Brewder & McNaughton became insolvent, the Government cancelled their contract and the last payment received from the Government

by the bank was placed to their credit. On refusal by the bank to recognize the respondent's demands for payments made from time to time, he brought action against the bank for $3,400, alleged to be due to him out of $3,500, alleged to be in possession of the bank, and for an account of all moneys received by the bank from the Government. The defence to this action was in substance that the only agreement the bank made was with Brewder & McNaughton, that this contract was entered into in Ontario and was governed by the law of that province, under which there existed no privity of contract between it and the respondent. The respondent's action was maintained at the trial and affirmed, on an appeal, by the Court of Review.

JUDGMENT: The Court unanimously decided that the appeal must be allowed and the appellant relieved from the order to account to the respondent the moneys in question. Mr. Justice Idington delivered notes of his reason, in which he discussed the evidence adduced and concluded that it did not show that the bank had become a party in any contract with the respondent by which it was bound to account to him for the moneys received from the Government.

BILLS OF EXCHANGE—DRAFTS ON BANK—DEATH OF PAYEE BEFORE PRESENTATION — FOREIGN DOMICILE—RIGHTS OF FOREIGN ADMINISTRATOR —"HOLDER" OF BILLS—CONTRACT OF DRAWER OF BILLS —RIGHTS OF ONTARIO ADMINISTRATOR — MONEY IN COURT—RETENTION OF PART TO BE PAID OUT IN ONTARIO —COSTS.

YOUNG vs. CASHION (19 O. L. R., p. 491).

Y., domiciled in the State of California, when on a visit to the Province of Ontario bought from the Bank of Montreal there two drafts, for $1,000 each, upon a New York bank, and when he died in California they were found among his effects, never having been presented for acceptance or payment. The plaintiff was appointed by a California court administrator of Y.'s estate, and presented the drafts for payment to the New York bank, who refused to accept, the Bank of Montreal having stopped payment of them. The plaintiff then claimed the amount of the drafts from the Bank of Montreal, and the defendant, the Ontario administrator of Y., also making a claim and bringing an action against the bank, the bank paid $2,000 (less costs) into Court, and an issue was directed between the plaintiff and defendant:

Held, that the Bank of Montreal by becoming the drawers of the bills did not undertake that the New York bank would accept and pay in New York, but did guarantee that if the New York did not do so, they themselves would, if duly notified, reimburse the holder; this was a contract with Y., and he might enforce it; it did not die with Y.; and the plaintiff, the duly appointed representative of Y. in California, where the drafts passed into his hands, was the holder in the legal and mercantile sense; and the money paid into Court represented the drafts and was in the same ownership.

As the defendant was the next of kin of Y., and all the money was not required for payment of debts, it was considered not advisable to pay money out of Court to a foreign administrator, who would necessarily repay some of it to the defendant in Ontario; consequently the latter was allowed the option of a reference to determine the amount which should be sent to the plaintiff; and the costs of both parties were ordered to be paid out of the fund, those of the plaintiff in priority.

THIS was an appeal from the judgment of Mr. Justice Magee in favor of the defendant, under the following circumstances:—

The late James Young, then domiciled in the State of California, came to Cornwall, Ontario, in the summer of 1904, there sold a farm of his at Cashion's Glen, and, after remaining in Canada some three or four weeks, returned to his home in California.

When in Cornwall he bought two drafts, Nos. 3330 and 3331, for $1,000, each, upon the National City Bank, New York, from the Bank of Montreal at Cornwall. They are in the following form:—

BANK OF MONTREAL,
Cornwall, Ont.,
September, 24, 1904.

"No. 3330.

"1,000.00.

"Pay to the order of James Young one thousand dollars.

"To the National City Bank, New York.

"C. E. ABBOTT,
Manager,
"A. B. MONK,
"Acct."

These New York drafts are in practice cashed at par at any point in the United States. He took the drafts with him to California, and on March 8, 1905, died in California, without having cashed them.

On September 5, 1905, the plaintiff in the present proceedings was, by the Superior Court of the County of Plumas, in the State of California, duly appointed administrator of the estate. The drafts came into his possession as such administrator, and he endeavored to realize thereon. He endorsed them, "Plumas A. Young, administrator of the estate of James Young, deceased," and sent them through a local bank for collection to the New York bank. That bank refused payment, as the Bank of Montreal had in the previous May stopped payment of them. The drafts were thereupon sent to the Cornwall bank. That bank answered that they required "a presentation of properly authenticated copies of the letters of administration, and the administrator must be identified, not only as being the administrator who took out the letters of administration, but also that the James Young, whose administrator he is, is identical with the payee of the drafts."

The defendant residing near Cornwall was the next of kin of the deceased, and being unable to agree with the plaintiff as to what claims against the estate ought to be paid, she applied for and obtained Letters of Administration in Ontario of the estate of the said James Young and brought action against the bank for the recovery of the sum paid to the bank for the drafts. The bank was allowed to pay the money into Court, and an issue was directed between the two administrators to decide their respective rights.

JUDGMENT (FALCONBRIDGE, *C.J., K. B.;* TEETZEL and RIDDELL, *J.J.):* The notice by the bank requiring production of Letters of Administration and proof of identity were the usual business-like requisitions of the bank for its own protection.

It may be well to state clearly the rights of the deceased immediately before his death, and the contracts then subsisting.

There was a contract upon the part of the New York bank to accept and pay all drafts drawn upon it by the Cornwall bank. This contract was between the two banks; and Young, not being privy to it, could not take advantage of it. He could not sue the New York bank before acceptance or for non-acceptance.

The proposition that A can sue B upon a contract made by C with B had its quietus many years ago.

The Bank of Montreal by becoming the drawers of the bills did not undertake that the New York bank would accept and pay in New York, but did guarantee that if this bank did not do so, they themselves would, if duly notified, reimburse the holder.

This was a contract with Young, and he might enforce it. Neither of these contracts died with Young: his duly appointed personal representative had the same right to enforce the latter as Young himself: The drafts passed into the hands of the plaintiff in California; he was the duly appointed representative of Young in California, and, as such, had the same right to act in California in respect to these drafts as Young would have had, had he lived.

If the value of the two pieces of paper had consisted in the beauty of the engraving, etc., I presume no one would dispute the plaintiff's right to them; and it seems to me equally clear that the plaintiff was the legal holder of the drafts in the legal and mercantile sense.

I do not think it is necessary to trace the legal position of the plaintiff throughout the transaction. The New York bank refused to accept, whereupon the liability attached to the Canadian

bank to "reimburse the holder." The liability is not to reimburse, pay, the *original* holder of the drafts as such—he may transmit his rights—the liability is to the holder of the drafts. There can be no pretence that the defendant was the holder of these drafts, and consequently I am unable to see how she can be considered as having any claim against the Canadian bank; the action is not for money, had and received, but upon the drafts, by the holder of the same.

The money paid into Court is in so many words said to represent the two drafts; it follows that this money should be in the same ownership as that of the bills.

Were there nothing more in the case than a dispute between two administrators, the order should be that the money should be paid out to the California administrator under Con. Rule 1114.

But it appears that the defendant is the sole next of kin of the deceased, and that it will not require all this money to pay debts, etc.; it would not be advisable to pay money out of Court to a foreign administrator who would necessarily repay some of that amount to a person in Ontario, party to this action. With a declaration that the money in strictness should be paid to the plaintiff, the defendant should have the option of taking a reference to the Master to determine the amount which should be sent to the plaintiff. The reference will be at her own expense in reality, as the costs of all parties should be paid out of the fund.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

ENDORSEMENT THAT ENDORSERS GUARANTY GENUINENESS OF DRAWER'S SIGNATURE.

POUGHKEEPSIE, N. Y., December 8, 1909.

Editor Bankers Magazine:

Sir: We have just noticed a new wrinkle which is printed on the back of a check deposited with us to-day. It reads "The endorsers severally guaranty to the drawee the genuineness of the drawer's signature." We shall be glad to receive an expression of your opinion as to the desirability of such clause on the back of all checks.

THOMAS W. BARRETT, Treasurer.

Answer: This form of guaranty is evidently designed to relieve the drawee bank from the obligation imposed upon it by law to know whether the signature which purports to be that of its depositor is genuine or not. Such a form of guaranty may serve a good purpose in certain instances, but we do not believe that its extended use would be desirable. In a vast number of cases the indorsers (especially where they are collecting banks) know nothing about the drawer's signature, and great confusion, and oftentimes great injustice, would result from shifting on to them the burden which the law has wisely imposed upon the drawee. The rules of the law merchant are the outgrowth of long experience, and such a radical innovation as this would be a rash experiment.

LOAN BY BANK UPON PLEDGE OF CAPITAL STOCK OF SAME BANK.

PACHUTA, MISS., November 19, 1909.

Editor Bankers Magazine:

Sir: If we should take our own stock pledged direct to us as collateral for a loan, could the general creditors of the party pledging same be able to assert a valid claim to the stock as a general asset?

The following clause is printed on our stock certificates: The charter of this bank provides among other things: "The Bank shall hold prior lien on all shares of any stock-holder who may be indebted to it, either as principal or as surety for others, and such shares shall not be transferred without the consent of the Board of Directors until such debt shall have been paid or discharged," etc. Will this clause hold?

Admitting that outside creditors can claim stock pledged direct to a bank issuing it, would the above provision cure the defect?

W. B. GRAVES, Cashier.

Answer: A clause of this kind is found in the charter or by-laws of many

banks, and it has uniformly been held valid except in those cases where the law under which the bank is incorporated prohibits it from lending upon the security of its own stock. In the case of any national bank such a provision in the articles of association or by-laws is wholly void, for the reason that it is in conflict with Section 5201 Rev. Stat. U. S., which provides that "no association shall make any loan or discount on the security of its own capital stock" (Third Nat. Bank vs. Buffalo German Ins. Co. 192 U. S. 581; Bank vs. Lanier, 11 Wallace, 369). But many of the States' statutes omit such prohibitions, and in those States a by-law or charter provision, such as that stated in the inquiry, is valid, and is enforcible as against the general creditors of the debtor, and even against any transferee of the stock who takes the same with notice. This would seem to be the rule in Mississippi.

DESTRUCTION BY PAYEE OF VALUABLE PAPER ATTACHED TO DRAFT PRESENTED FOR PAYMENT—NEGLIGENCE OF BANK.

LYNCHBURG, VA., November 13, 1909.

Editor Bankers Magazine:

Sir: Please answer in the next issue of your magazine the following proposition which has been presented to me:

A customer deposits for collection a draft on a party in another town with a valuable paper attached to be delivered only upon payment of draft. The collecting bank presents the draft to payee who takes possession of the valuable paper and destroys same, refusing to pay the draft. Is the collecting bank responsible for the amount of the draft, the valuable paper being such that it could not be duplicated.

BANK PRESIDENT.

Answer: The question in this case is whether or not the collecting bank was guilty of negligence; and this is a question of fact to be determined upon all the circumstances of the case. Under one set of circumstances the act of the bank in allowing the payee to get the paper into his hands before paying the draft might have been negligence, while under another set of circumstances it might not have been. The nature of the paper, the character of the payee, the mode by which he got it into his hands, and all the facts surrounding the transaction are to be considered; and in case of a trial it would be for the jury, and not for the Court, to decide whether these facts constitute negligence.

UNITED STATES TREASURER'S REPORT.

MORE than passing notice might well be given to the annual report of Charles H. Treat, the retiring Treasurer of the United States. No bureau in any department has weightier responsibilities than the office of the Treasurer. It handles revenues and makes expenditures averaging probably $650,000,000 a year. Transactions in public debt matters in receipts alone have in recent years ran as high as $909,000,000 a year.

Besides this the cash in the vaults averages $200,000,000 or more. In fact, available cash balances often come nearer being $400,000,000. The Treasurer holds probably $650,000,000 of bonds for national banks which have issued currency against them. He has public deposits in some 1500 national bank depositaries, which money is secured by pledged bonds of say $180,000,000. Yet all of this vast machinery is so correlated that in handling billions of dollars a year not a cent of public money is lost.

In times when the word "graft" is on everybody's lips it is worth while to call attention to the facts brought out in the annual review of the operations of the Government on such a scale, and with such a record of accuracy as to bring so creditable a showing. It is not only creditable to the officials but to the employes also whose skill and diligence entitle them to the appreciation of the general public in whose service they are engaged. Mr. Treat calls attention to the fact that certain classes of clerical service have not had salaries revised since 1854. Although advocating economy on the part of Congress in keeping down appropriations, that is no reason why a just recognition of conditions calling for improvement should not receive attention, when the efficiency of the service is involved, by a proper adjustment of compensation to different conditions.—*Wall Street Journal.*

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE BANK OF FRANCE AND THE MONEY MARKET.

THE manner in which the Bank of France relieved the pressure upon the Bank of England during November, is the subject of some interesting discussion in the foreign financial press. "La Vie Financiere" declares that the intervention of the Bank of France in favor of the Bank of England was the great event of the week of November 18, and that, as had occurred two years back, the former consented to give sovereigns in exchange for long-dated English bills, and would, it was said, continue the same operations, which had for first result to defer, if not to prevent completely a further rise in the rate of discount in England. At that date the amount of English paper taken in was under £500,000. The tri-monthly, "Le Rentier," confines itself to remarking that the Bank of France has resumed the discount of English paper in order to assist the London market as it did in 1906 and 1907.

Two classes of English bills were discounted during the week of November 18th at the bank. The first, as was the case the previous week, consisted of the exchange of English gold and American eagles for English bills, to be reimbursed in sovereigns when due, the rate being three and one-half per cent. The other was the discount of French bills, for which gold was given, without the condition of the amount being repaid in sovereigns. Those operations were carried out by the firms of Allard & Co., Davillier, Hirsch, Louis Dreyfus & Co., Seligmann, Lyon-Aleman (refiners), and perhaps some others.

The week's return of the Bank of France for November 18th showed that the foreign bills held amounted to £938,600 ($4,560,000), of which about £459,120 were taken in one week, and about £479,000 in the second week. It is remarked by the "London Statist" in its issue of November 20:

"The Bank of France is thus once more giving proof of the admirable manner in which it is administered. Not only does it hold at all times reserves sufficient to inspire unshakeable confidence in it among its own people, but it is prepared to assist other monetary centres when the occasion arises. It certainly is humiliating to British banking that it has so frequently to look for help to the Bank of France."

An interesting comparison of the effect of the aid extended by the French bank to the Bank of England is made by the "Economist" in its issue of November 20. It is declared that the five per cent. rate is doing its work and that the market is delivered from the danger of a rise to six per cent. It is pointed out that between the beginning of October and the middle of November, the Bank of England witnessed a reduction of discounts and advances amounting to £5,675,000, or 19.8 per cent. of the amount at the beginning, while the Bank of France in the same interval increased its discounts by £7,091,000, or 15.2 per cent. The effect upon the movement of gold was to increase the holdings of the Bank of England by £432,000, while those of the Bank of France declined by £1,811,000. The Bank of Germany in the same period reduced its discounts by £21,404,000, or in the drastic ratio of 28.4 per cent., and succeeded in in-

creasing its gold stock by £2,877,000, or 6.3 per cent. The manner in which the situation is summed up by the "Economist" is as follows:

"The general conclusions to be drawn from this review seem to be that the Bank of England, by raising its discount rate to five per cent., has succeeded in moving much of the financial burden across the Channel. Its own loans have fallen,—to some extent naturally and to some extent by design,—while the Bank of France, which always keeps the strings tight longer than any other central bank, has been induced by market forces to relax, sacrifice some of its gold, and help satisfy the foreign demand for credit. In international banking Paris holds an isolated position, while London is sensitive to every movement all the world over; but in the long run Paris gives way, and either because the rates abroad are too tempting, —as in 1909,—or because the foreign position is too delicate to be neglected, —as in 1907,—the Bank of France sooner or later will part with gold. The policy of isolation gives stability in discount rates, but it excludes French bankers from the large profits made by London in the work of international banking."

ANOTHER ENGLISH BANK MERGER.

THE close of October witnessed in England the amalgamation of Stuckey's Banking Company with Parr's Bank. The combined assets of the two banks by the last balance-sheet were £46,782,935 ($228,000,000), of which £7,659,155 belonged to Stuckey's and £39,123,780 to Parr's. The new company will rank in size about sixth among the English joint-stock banks, its deposits being larger by about £1,500,000 than those of the Union of London and Smiths. The capital of Parr's Bank, which has stood at £1,779,780 actually paid up, will be increased to £2,204,780 paid up.

The absorption of Stuckey's closes the separate existence of one of the oldest institutions in England. As the history of the bank is outlined by the "London Economist" of October 30 last, Stuckey's was founded at Langport, Somerset, early in the eighteenth century. A purely local bank for Gloucester and Somerset—its shareholders were all freeholders in one county or the other—it had from the first a great reputation. Among its customers were many famous men, who came into close and sometimes delicate relations with the managers. The elder Pitt, who had built an extravagantly magnificent palace at Burton Pinsent, near Langport, was at least once driven, by his own and his wife's necessities, to borrow from the neighboring bankers sums which he was quite unable to pay in cash, but was able (so a well-authenticated story runs) to settle to the satisfaction of all parties by the discreet exercise of patronage. The later history of the bank contrasts strangely with that of Parr's. Both businesses were started in the country, the one in Somerset and the other in Lancashire, with its headquarters at the town of Warrington. But while Parr's Bank was always pushing forward with the immense expansion of the cotton trade, opening new branches, assimilating older banks, winning for itself a place in London and a position at the Clearing-house, Stuckey's has hitherto remained a West Country bank, reducing rather than increasing the number of its branches, and working until quite recently with its head office at the tiny town of Langport, which has never numbered more than 2,000 inhabitants. At the same time, it has remained a strong and wealthy institution. It has a larger note circulation than any other bank, except the Bank of England, and the market value of its capital is £1,751,000. Interest in the history of the bank is derived also from the close connection which at one time existed between Stuckey's Bank and the "Economist," when Walter Bagehot filled the two positions of editor and director. His great-uncle, Samuel Stuckey, had founded the bank, of which his father, Thomas Bagehot, was for thirty years managing director and vice-chairman.

For several years Walter Bagehot was manager of local branches of Stuckey's Bank, and on leaving the West Country for London in 1861 he supervised the bank's London business at the same time that he was writing to such purpose on the theory of banking in the "Economist" and in his famous book called "Lombard Street."

The history of Parr's Bank is more generally known. Started as a limited company in Warrington in 1865, it soon began to absorb its neighbors. The banks absorbed by it since its foundation are too numerous to be detailed, but most of them did business in the North of England, and its most recent acquisition was the Whitehaven Joint Stock, which was taken over a year ago. It is worth remembering that as Stuckey's has the largest note issue, apart from the Bank of England, so Parr's is the only London bank with a note issue at all. By absorbing the Isle of Man Banking Company, Parr's acquired the right to issue notes in the Isle of Man, and its last balance sheet showed a liability of £8,033 on this account.

THE REFORM OF TURKISH FINANCE.

THE new Turkish Government is proceeding on energetic lines to restore order to the public finances. A special commission on financial reform has just been appointed, composed of the Minister of Finance as president, three other Ottoman members and five foreigners, three of whom are French, one Italian, and one English. The names of the foreigners respectively are Messrs. Laurent, Jolly, Steeg, Maissa, and Graves. This body is authorized to examine the measures prepared by the Ministry or by its own members for reorganization and reforms in all branches of financial service, including customs, the post-office and the telegraph. It is authorized to consider questions touching the imposition, distribution and collection of taxes and such plans as may be formulated by the inspectors of finance for the purpose of introducing reforms. It is also directed to consider the relation of these reforms to the budget and to recommend changes in such elements of the budget as may be necessary.

It has been found necessary to issue a loan of 7,000,004 Turkish pounds (about $31,500,000) to close up matters relating to the old government and to provide for railway extensions and other improvements. As discussed in the London "Economist" of October 29 last, this loan will be issued at 450 francs per bond of 500 francs, and of the 318,182 obligations issued, 218,182 have been reserved for the Paris market. The Imperial Ottoman Bank takes the lead in the new issue, but is aided by the Banque Francaise, the Banque de Paris et des Pays Bas, the Société Générale, and other strong French institutions. The new loan is secured upon the revenues of certain custom houses, but the collection will remain in the hands of the government until there is default, in which case the custom houses will be turned over to the Administration of the Public Debt, which was established in 1881. One of the first acts of the Young Turks Party was to declare that it would observe scrupulously all the provisions of the decree of December, 1881, in regard to the consolidation of the debt which was then made.

The generous policy of Russia in regard to the war indemnity of 1877 contributed much to the solution of the vexing questions which recently arose between Turkey and Bulgaria. Turkey, while consenting to the liberation of Bulgaria, demanded compensation for the return paid annually by Eastern Roumelia, for the value of the lines of the Oriental Railway Company within Bulgaria, and for the national domains situated in the country. The demand for 120,000,000 francs on this account was met by an offer of only 82,000,000 francs on the part of Bulgaria, and a deadlock was threatened which was averted only by the intervention of the Russian Government. As Russia went to war in 1877 with the avowed purpose of protecting the Christian prov-

inces of Turkey, she expressed a willingness to recognize the complete liberation of Bulgaria from Turkish rule at the present time, by remitting a part of the annual indemnity payments due from Turkey and transferring the obligation in a mild and almost optional form to Bulgaria.

The treaty of San Stefano, between Turkey and Russia, in 1877, provided for payments of 350,000 Turkish pounds ($1,700,000) annually for 100 years. Russia offered to relieve Turkey of the payment of forty of the seventy-two payments which have not yet matured, and to look to Bulgaria for reimbursement. The Imperial Russian Government, however, did not demand from Bulgaria the amount of 120,000,000 francs ($23,160,000) which had been demanded by Turkey, but fixed the amount at 82,000,000 francs ($15,830,000), which constitutes a loan without special security by Russia to Bulgaria at an interest rate of 4.75 per cent., due in seventy-five years, but payable at any time at the pleasure of the Bulgarian Government. A high compliment is paid by M. Edmond Théry, editor of "L'Economiste Européen," in that journal, for October 15, to the courtesy of Russia in avoiding complications from which entire Europe would have suffered, and permitting the new Bulgarian monarchy to begin its career auspiciously, while affording to the new Liberal Government of Turkey the prestige of having secured the remission of a large part of the humiliating concessions made after the disasters of 1877.

While the new loan by the Turkish Government is not looked upon with entire favor by the London "Economist," it outlines a program of internal improvements which it is admitted would be very desirable if they could be accomplished. Its summary of these measures is as follows:

"Steps are being taken to extend the Baghdad railway from its present terminus at Bulgurla to Helif, the means being provided by the loan sanctioned a couple of months before the revolution began in 1908; but under the system of kilometric guarantees the benefit is prospective and the burden immediate. Particulars have also been published this week of new lines in Asia Minor and Syria, which will bring fresh traffic on to the Mersina-Adana system of the Anatolian lines, and so to the Mediterranean; and other outlets for Syrian traffic are promised from Aleppo to Alexandretta, and even from Palmyra to Tripoli in Syria, part of the latter, at any rate, without the burden of a kilometric guarantee. It is even stated that a line is projected from Baghdad to Palmyra, but this seems hardly credible. Traffic for the Syrian lines, especially that from Aleppo to Alexandretta, may eventually be provided in abundance by the great scheme of irrigation for Mesopotamia, towards which Sir William Willcocks is understood to see his way. From an engineering standpoint it is said to be perfectly feasible; 'the levels are ideal,' and, moreover, the cheapest way out for the grain of Mesopotamia will be up the Euphrates and by Aleppo to Alexandretta."

THE ARGENTINE CONVERSION FUND.

THE conversion fund of the Argentine Government reached in July last the amount of $172,959,911 in gold. An interesting account of its origin and growth is given in the London "Economist" of October 9 last. Efforts to give stability to the exchange began after the premium on gold, which was about 364 per cent. in 1896, began declining so rapidly as to alarm those who were relying upon the low value of the paper to meet their obligations. A law was passed on October 31, 1899 (law No. 3,871), for accomplishing three objects: (1) the fixing of the convertible value of the paper dollar at forty-four cents gold; (2) the creation of the Caja de Conversion for receiving deposits in gold, and giving paper money in exchange for the same at the said rate, and, on the other hand, giving gold (so long as any part of the deposits re-

mained in the Caja) in exchange for paper money at the same rate of forty-four cents gold for every dollar in paper; (3) the formation in the Bank of the Nation of a fund for the conversion (at the same rate) at some future time of the $283,000,000 paper money, which (except $50,000,000 issued for the capital of the Bank of the Nation) represented the issues that had been made by the Nation to the Guaranteed Banks, nearly all of which (including the National Bank and the Bank of the Province of Buenos Ayres) had stopped payment, and were in liquidation, and the liability for which issues had been assumed by the Nation.

The curious rate of forty-four per cent. was arrived at by calculating the average premium on gold during the six months preceding the date of the Conversion Law, which was found to have been 127.27 per cent.,—equivalent, as nearly as possible, to the rate of conversion fixed.

For a short time gold was deposited in the Caja, and it could be obtained in exchange for paper; then, in consequence of a bad harvest, gold became scarce, and there was not a dollar in the Caja, and gold had to be bought on the Bolsa at a small premium, but in June, 1902, the influx of gold into the country had begun, and though the amount in the Caja has since varied considerably, attaining its maximum every year in May, or the beginning of June, and falling to its minimum in the beginning of October, there has never been a cessation of conversion at the above-mentioned rate.

This year the stock of gold in the Caja has been increasing almost continuously; on January 1 it was only $126,000,000; to-day it is close upon $173,000,000. On June 30, 1908, it was a little over $120,000,000. On September 9, 1907, the amount was $112,363,200; on September 9, 1908, it was $120,499,334. The large addition to the stock of gold in the last twelve months must be attributed in part to the realization of loans by the Nation, by the Municipality, and by the Province of Buenos Ayres, and in part to the investment of foreign capital in new banks, in industrial enterprises, and in the purchase of National bonds and cedulas.

The gold in the Caja does not belong to the Nation; the law declares it to be a sacred deposit, which may be used only for paying it on demand to those who present paper to be exchanged for it at the fixed rate. In exchange for the $172,959,911 gold, the Caja has issued paper money of the nominal value of $393,090,707; there is also in circulation the old currency to the amount of $283,000,000, making together a paper currency of more than $676,000,000, to which must be added about $10,000,000 (of paper value) in nickel and copper coins.

The conversion fund in the Bank of the Nation constitutes the only guarantee (beyond the responsibility of the Nation) for the $283,000,000 in paper and the $10,000,000 in coins. The equivalent in gold, at the fixed rate, of these two amounts is $128,920,000.

THE POSTAL CHECK IN FRANCE.

THE extension of the system of postal checks to France has recently been proposed by M. Millerand, Minister of Public Works, and the details of his plan are given in "L'Economiste Européen" of October 22 last. The system of the postal check was first established in Austria in 1882, extended to Hungary in 1889, and has been in operation in Switzerland since January 1, 1906.

It is proposed in France that any person, firm or corporation, upon a preliminary deposit of a sum not less than 100 francs by way of guarantee, may operate under the postal check system. The operating accounts will be centralized in Paris and in a certain number of large cities. The owner of such an account or a third party may make payments which shall be carried immediately to the credit of the account. It will be sufficient for the party desiring to make a remittance by deposit to file with the money a memorandum, giving his

name, address, amount paid and the designation of the owner of the account to whom the payment is to be made. The owner of the account may dispose of funds to his credit by check, which shall be paid on presentation at the bureau having the account. When such checks are presented at a different bureau, they shall be transmitted to the bureau where the account is located, and the latter shall transmit the funds to the beneficiary by means of an order payable at his domicile. When the beneficiary of a check himself possesses a current account, the amount of the check may be carried to his credit by a simple transfer.

The government proposes that a small interest be allotted to depositors, in order to reduce the net taxes resulting from operations on the account. These taxes will be for each payment five centimes (one cent) per 100 francs ($19.30), or fractions of 100 francs up to 2,000 francs, and at the rate of five centimes per each 200 francs ($38.60) for larger sums. For a repayment the tax will be ten centimes per 100 francs, or fractions up to 2,000 francs, above which the rate will be ten centimes per 200 francs. For a simple transfer from one account to another, a fixed tax of ten centimes will be imposed upon both the interested parties.

The success of the postal check system in countries where it is established is indicated by the aggregate of operations in 1908, which reached in Austria the enormous total of 18,000,000,000 francs ($3,474,000,000); in Hungary, 5,500,000,000 francs; and in Switzerland, 500,000,000 francs.

A BRUSSELS BRANCH OF THE DEUTSCHE BANK.

A REPORT in the London "Statist" of October 30 indicates that the Deutsche Bank of Berlin has purchased a small private banking concern in Brussels, which it is about to turn into a branch of its own institution. The partners in the private concern will act as managers of the Brussels branch of the Deutsche Bank, and the chief of them will probably also join the board of the bank. The growth of the Deutsche Bank has been phenomenal. It was founded only in 1870, and it has now, either through its own branches or through sub-companies founded and mainly owned by it, spread its net over almost every part of the world. All our readers know what a part it has played for years in Turkey. It has branches or sub-companies in almost all the principal countries of Europe, the Far East, and South America.

THE FINANCIAL FUTURE OF SPAIN.

EFFORTS to carry out financial reform are not to cease in Spain under the recent change of ministry, if the declarations of the leaders of both parties are to be accepted. The new Minister of Finance, M. Alvarado, according to a letter from Madrid in "L'Economiste Européen" of October 29 last, has expressed emphatic opinions on the subject of giving stability to foreign exchange and taking measures to prevent the rise in the gold premium. He has at his command nearly 79,000,000 pesetas ($15,500,000) in gold or gold funds abroad, and although a small temporary loan will be necessary, he hopes to be able to support the market for exchange. The budget plan prepared by Senor Besada, which was badly received, has been abandoned. It has not yet been decided whether to call a special meeting of the Chambers to vote the necessary credits to cover the expenses of the war in Morocco or to have them decreed by the Council of State, pending the next regular session. There is some reason to expect, however, that a special session will be held, since Senor Maura, the retiring Minister and leader of the opposition, frankly declared at a meeting of his associates in the Chambers, that if the government called a session to regulate the financial situation, patriotism would demand that its program be promptly voted without serious discussion.

But for the war in Africa, the state of the budget would be eminently satisfactory and Spain would be able to continue the progress towards specie resumption and the maintenance of public credit which was entered upon so resolutely by Senor Villaverde after the war with the United States. The Bank of Spain, although not always lending the most effective support to the government in the effort to bring about stable exchange, holds now about $80,000,000 in gold and its circulation is only about $328,700,000.

THE NATIONAL DANISH BANK.

THE annual meeting of the shareholders of the National Danish Bank, under the act of July 12, 1907, was held on October 12 last. The holding of annual meetings is an innovation under the new law and was given special interest by the financial troubles through which Denmark has passed during the last two years. The annual report was read by Mr. Strom, one of the managers. The report declared that the past year had been materially affected by the financial crisis. The year had, however, been fairly favorable for agriculture and certain industries, but shipping had fared badly and the community at large had suffered from the after-effects of the crisis. Although several things had contributed to make the money market easier, there was not in Denmark, as elsewhere, any abundance of money. The result had been a comparatively high rate of discount throughout the year, which closed with a rate of five to five and a half per cent. The bank's profits were lower than in the previous year, because less was earned by the exchange of stocks. Losses on the business of the year were insignificant, but a sum of 400,000 crowns ($107,200) had been set aside towards the bank's share of possible losses as a guarantor in the matter of the banks which were wrecked in the spring of 1908. The net profits were 2,761,248 crowns ($700,000), against 3,868,857 crowns for the previous year. According to the new law 750,000 crowns ($200,000) go to the public treasury, after which the shareholders get six per cent., which absorbed 1,620,000 crowns. One-fourth of the remainder went to the treasury, but left a sufficient balance to pay an additional one per cent. to shareholders.

PRESSING NEED OF REFORM IN THE CURRENCY OF CHINA.

TO preserve her place among the powers of the world, and to preserve her integrity as a unified empire, China's currency reform cries aloud for attention. Most of China's commerce, import and export, is localized in the "Treaty Ports," by which term is meant generally all ports open to foreign trade; and this localization grows more pronounced as the years go by.

Hitherto the banks, foreign and other, in these "Treaty Ports," have been reaping a rich, undue harvest, far beyond the legitimate limits of commerce under the normal conditions prevailing in countries having a national uniform currency, through the multitudinous intricacies and the chameleon-like variations of exchange. This, at China's expense. In fact, China has been "bled" for years, to enable these banks to declare outrageously inflated dividends to their shareholders as the foreign merchant having heavy stakes in China's prosperity can testify to his cost.

With a little care and foresight China need not go abroad to purchase gold with her depreciated silver. Her vast natural resources of that metal will suffice for all her needs for years to come. The question of the unit that she will adopt as her gold standard should be carefully considered. It would materially redound to China's benefit to adopt a unit as near as possible in value to the Japanese twenty yen coin.

Failing the adoption of a unit approximating as close as possible the Japanese twenty yen in value, the next best alternative would seem to be to style her gold unit a twenty dollar coin, declaring the silver Mexican dollars now so generally in use throughout the Chinese Empire, one-twentieth each of the gold unit. This would cause less of dislocation in trade and exchange than might perhaps the adoption of the twenty yen unit.—*The Torch, Shanghai.*

SAVINGS DEPOSITS IN SEATTLE.

By O. H. P. La Farge, Secretary The Bank for Savings of Seattle.

WHAT are the conditions under which a savings bank must endeavor to work out its existence in a comparatively new country? Especially a country new to savings banks? This question is asked of us by those who are confronted by a different phase of the same problem in old and settled communities long habituated to the savings institution. It has, therefore, occurred to the writer that a brief account of the conditions governing in Seattle—a city which has grown so extraordinarily in recent years—would perhaps be found interesting.

The judgment of method, means or manner in the Pacific Northwest must always be tempered with the knowledge that it is a country which has developed with abnormal growth and radical progression during the last ten years.

In Seattle, from a moderately healthy community, a large city has developed in full bloom. In the sequence of events which have brought this about, all kinds of people who go to make up a large city have been attracted; speculators, promoters, men unsuccessful in other places have flocked to this part of the country.

Fortunately, conditions which made the earlier possibilities of this large community, also made the integrity of many of its earlier pioneers. This pioneer sturdiness and ambition gave a foundation, which, added to by national common sense, served to counteract the topheavy growth that always accompanies large, fast-developing communities. This rapid growth has brought men from the middle west, the old northwest, and the south; sturdy farmers and men of ability in trade.

Settlers coming to stay have usually arrived with some funds with which to live until decision as to location, business and residence have been settled. To decide what is best on arrival in a country like this is often a perplexing problem. The northwest, especially Washington, offers such a variety of different kinds of farming; so many different climates; so many desirable places to live, that it is often a year before a settler may know what he will do or where go in the State.

During this time he must deposit his money, and in doing so he will usually go to the bank to which he has been recommended by his local banker. Some of those who come "to look about," as the saying is, want to deposit their funds for the mere safe keeping. The seeker for a location wants security and confidence for his deposit and more frequently will go unintroduced to a savings bank than to a commercial bank where his credit has to be somewhat established. He goes first to the city for information; from there to a smaller center and from that to his final location. During the period incident to the arranging of his permanent location, his money in the savings bank is of as little use to the bank as it is to him. Hence, a portion of the savings bank business here is one of safekeeping for a short time.

Proper Location An Asset.

The ever increasing growth of Seattle; its rapid business development; its

ever expanding business, change frequently the business of a bank. One location for a bank would do an entirely different kind of business, if six blocks away. The topography of the city necessitates business travel along certain parallel lines of activity on the sides of the hills which border the bay. Streets nearest the bay carry a different class of trade from the streets three blocks up the hillside. It is presumable that the mental effort, as well as the physical, in ascending these hills, is responsible for the fact that a distance of a few blocks from a place of business is enough to make the distance seem a great one. Depositors will not go out of their way to deposit. A few blocks from their business location, or convenience to the car when going to their residence, settles their depository for them.

Classes of Depositors.

In Seattle we have no large class of foreign depositors. While there are many foreign depositors, there are no large settlements or districts of them, and no bank can look for a generally exclusive foreign business. The depositor who best knows the value of a savings bank is the person who comes from New England and the Eastern States, where the large savings institutions are so well and favorably known by all classes of depositors. These do not hesitate. They ask the bank pointed questions in regard to rules, interest, withdrawal, etc., and are always good depositors and real savers. The man who does not know the value of a savings bank is the man who wants to put in fifty dollars on Monday and draws it all out in ten days, with the story that he is "going down the coast, 'cause he can't find nothin' to do here." We were much amused recently by a depositor whose business, as he described it, was "peddlin' red hots," who wanted to deposit some money, to lock it up for one month, because he was "going on a bat and would spend it if he could get at it."

Depositors With a Purpose.

There are, of course, many steadfast, worthy depositors who save and deposit to accumulate enough to buy their own house and lot. These often come to inquire for a mortgage loan, and make the best of all our depositors, because in Seattle nearly all good wage-earners have their own house and lot, thus bettering to an indescribable extent the morals, worth and tone of the community. This, in a way, counteracts the accumulation of long and steady deposits.

Opportunities for investment with good returns are so frequent in small pieces of land always increasing in value, that four per cent. is not always an attraction for the depositor. Eight per cent. on small loans is easily obtained, and six per cent. and seven per cent. returns on small houses for rent.

However, the taxes on new property are not always light, and small land owners in new districts sometimes find they are in deep water when regrade and improvement taxes have to be met. In this way, while the demand for money makes the rate high and attractive for investment, the actual return to the owner when taxes and improvements are paid will often make a four per cent. savings account attractive to him.

However this may be, no community is ever better than that one in which the homes are owned by the wage-earners. The mere fact that the home of a man has been bought through his own earnings and he has had the opportunity to see his land increase in value, is enough to make him start to save again or to continue saving and depositing in his account for future investments, either for his future comfort or actual needs.

Encouraging Thrift.

We have scarcely had time to feel the effect of this in savings, as yet, but it is hoped that the next generation will have learned a lesson from the iteration of this fact by their prosperous parents. The bank, then, which is best prepared to meet the conditions of the future must establish itself in the confidence

of the present generation by studied opportunities of encouragement, even at the cost of adding business by slow and tedious methods. The best means of obtaining real confidence in Seattle is by repeated frank statements of what the methods of the bank are, what it consists of and what it does with its deposited money. Mere capital does not invite confidence. Successful bankers will not always invite confidence, nor will a strong board of directors always do it either, because a strong board of directors may have many enemies; but an earnest and frank display of the works of the bank produces a psychological effect which can create no enemies, no suspicion, no argument.

Investments of a bank, so often the basis of attack by people who do not know, if publicly shown and displayed at all times (and they can be if the bank is a savings bank), will give confidence to those who would be suspicious of investments; while to those who do not understand the functions of a bank, they will, at least, create no prejudice.

It seems necessary to maintain the rate of four per cent. at the present time for some reasons: First: in order to tempt those people who wish to earn something tangible on their savings. Second: to meet the competition of the large middle west savings banks which invade the field with banking by mail advertisements. But four per cent. will not always be necessary. At times when speculative conditions make easy opportunity of investment for the average small wage-earner, less than four per cent. would seem to him too small. Moreover, when one considers the number of deposits which are opened and closed without drawing interest, it materially reduces the rate actually paid.

Competition of Commercial Banks.

A savings bank in Seattle doing no other business but savings must, of necessity, compete with other banks with savings departments. This, however, instead of being a detriment, may be a help to the savings bank. It gives the bank an opportunity to show that it specializes. It enables it to publish its investments, which a savings department in a commercial bank cannot always do. While the tendency of the retail age is to sell everything under one roof, the savings bank's strength is in its singleness of purpose and its watchfulness of the safety of the individual savings deposit.

A savings depositor who goes into a commercial bank with departments has first to find his own department. He will be met by a different response from that which he would ordinarily meet in a solely savings bank. The attitude of the officials of the bank must, inherently, be different, because the depositor is of a different sort from those usually dealt with in a commercial bank. He goes to the savings bank without having to establish his credit, and only to deposit or withdraw; or, more often, to ask for advice and encouragement.

The depositor in the commercial bank has first to establish his credit, and then he deposits, withdraws, and perhaps borrows from the bank. The attitude of mind of the commercial depositor with a large bank account approaching the bank for what he considers his due is very different from that of the poor fellow who is approaching the bank to deposit one dollar out of his weekly or monthly earnings.

Of course there are extreme cases, but the point is obvious that the relations are different, and the bank that has all its tellers, bookkeepers and officers always ready to extend help and advice to the depositor who approaches it with the mental attitude receptive for it is naturally in a better position to augment that kind of business.

I do not say that the commercial banker does not also devote his time to giving advice and help to his depositors —that goes without saying—but his advice is different, his help is different and on a different plane. For example, in one day, the bank the writer is connected with, helped a woman to purchase an employment agency, advised her as to its safety, rented an office for her and arranged with the telephone company to give her telephones. On

the same day we got another depositor some work to do; advised a man to look carefully into an investment before making it, and finally arranged with another depositor where to send her children to school. All of this takes time and patience, but it gives the depositor an attachment for a place he will never forsake.

Competition Is Keen.

In Seattle nearly all the banks have savings departments, and there is but one strictly savings institution. This institution should, therefore, have not only the advantages set forth above, but the additional one of making a specialty of making mortgage loans, this being the sole basis of loaning of the bank. Depositors meet with complacency the statement that no other loans of any sort are made, and they easily understand and grasp the reason why. The opportunity for making small loans is very good. Loans to an amount not exceeding forty per cent. of the valuation of the property and inside of the best districts in the city are easily and carefully made. Eight per cent., with no commission paid to the borrower, is obtained—in competition with brokers who charge seven per cent. and sometimes eight per cent. and a commission of from two and one-half per cent. to five per cent. The fact that no commission is charged is a great attraction to many, although in all cases the borrower pays all expenses, usually not exceeding thirty dollars. These small loans are a great help to the community, as in this manner the savings of the depositors of the community are immediately returned to the community. Depositors, as a rule, being interested in real estate of some sort, believe firmly in the future of their property and also have faith in the bank investing in what they know and understand to be the best investment in this part of the country.

The Power of Advertising.

In the Pacific northwest, the quickest way of approaching the future depositor is, unquestionably, by advertising. Whether it be by means of personal solicitation, or by some of what goes under the name of "bank literature," or by the newspaper.

As many depositors are unfamiliar with the use of savings banks and the methods of opening accounts in them, a large part of the advertising must be in the nature of elementary instruction. Assumption that the depositor is familiar with banking is not reasonable advertising for a savings bank here. The policy of the bank must be clearly stated, and here the bank is given the opportunity to be frank and open and to make statements that are honest. I do not mean merely the ordinary bank statement, but a statement of the methods of doing business.

Advertising is expensive, but it is absolutely essential. The people of the northwest are large newspaper readers; they follow the advertising in the papers; they read carefully the advertising in the cars, on the billboards. This may be because of the smaller percentage of illiterate people, which seems evident, and the general happier condition of the poor people.

The lack of pauperism on the Pacific coast is a striking fact to the visitor from the east. The advertiser, then, must meet his depositors with facts, treat him on a sensible basis and point out facts in a sensible and rational manner. He—the advertiser—is dealing with one or two sorts of readers, either one open to conviction or one who is grossly ignorant of savings banks. The advertising for one is best for the other, if it is good, because the argument for saving appeals to every person.

The Power of Education.

The lack of instruction in saving is about the only criticism to be made of the splendid school system in Seattle. It is most essential that it should be taught in the primary schools of Seattle as it is in the New England primary schools, because the habits of the rapidly growing community tend to extravagance unless controlled, and the rapidity with which money has been made affects the youth of the city in such a manner

that thrift and economy of living is apt to be foreign to their thoughts.

These, then, in general, are the conditions one meets in this community. There are many social problems to be solved in all communities, but in Seattle the absence of extreme pauperism, which begets thrift, the luxury of the land and opportunity of fortune, mean a constant fight for the savings bank. There is but one way for it to succeed, and that is by honesty of intention and a firm belief that the savings deposit is a trust and must be treated as such.

SAVINGS BANK LIFE INSURANCE AND OLD-AGE PENSIONS IN MASSACHUSETTS.

By F. W. Coburn, Field Secretary Massachusetts Savings Insurance League.

THE financial success of the plan of savings bank life insurance and old age annuities appears to be very considerable, according to the figures of the first full financial year of the scheme, ending Oct. 31, 1909. These have just been given out by the Massachusetts State Actuary.

An analysis of the statistics of the business has shown that the insurance departments of the town banks after setting aside the full legal reserve together with an amount equal to four per cent. of the premiums to the trustees of the general insurance guaranty fund and payment of interest at four per cent., on the special guaranty fund for each bank, earned a good-sized surplus, out of which the State Actuary has declared payable to the holders of all monthly premium policies a dividend of eight and one-third per cent. In other words, one month's premium is returnable. Only twenty-five per cent., furthermore, of the surplus profit was applied to payment of this dividend. The remaining seventy-five per cent. was set aside as a surplus fund, which may be used later on toward retiring the general insurance guaranty fund of the banks.

Such a showing at the end of the critical first year has naturally made the friends of the movement somewhat cheerful. A sceptical life insurance man has observed that if the expenses of the State Actuary's office were to be charged against the two banks the surplus might not look so comforting. Yet the reply to that observation would undoubtedly be that most of the actuarial work which is now being done has reference to future years, in which many more savings banks will have insurance departments, and that it therefore represents an investment by the Commonwealth of Massachusetts for the benefit of the citizens, which is not properly chargeable against the business of a single year.

That Massachusetts savings banks by virtue of economical, efficient management are able to take care of life insurance at very slight expense seems to be proved by such figures as medical examiner's fees, \$3,546.75; salaries of officers and home office employes, \$1,024.10; compensation to agencies, \$107.41; incidentals, \$422.02. These represent a very small outlay, considering the amount of detail work performed. The medical examiners have generally out of interest in the cause charged less than they would ordinarily expect, and the officers of the banks have given faithful and efficient service out of hours. They show that the aggregate insurance totals of the Whitman Savings Bank and the People's Savings Bank of Brockton on Nov. 1 were, respectively, \$550,091 and \$442,570, not large figures as life insurance totals go, but representing a very creditable beginning.

An aggregate of 2,521 policies outstanding was involved. There were also outstanding thirty-two deferred annuities, representing annual payments of

$5,406. Policies terminated, either through surrender, lapse or failure of the insurants to make the initial payment, were 505 at Whitman and 265 at Brockton. Comparison of the net rates at which savings bank insurance and commercial industrial insurance are offered is interesting. While the industrial companies have made two sweeping reductions in their rates since the savings insurance movement was launched, the savings bank policy holders, with the present dividend of eight and one-third per cent., get a rate which is about twenty-three and one-third per cent. less than that of the insurance companies. The rates on the quarterly premium policies of the savings banks do not, of course, show so great an advantage, but the net rates are said to be the lowest rates for policies of similar amount attainable from any legal reserve insurance management.

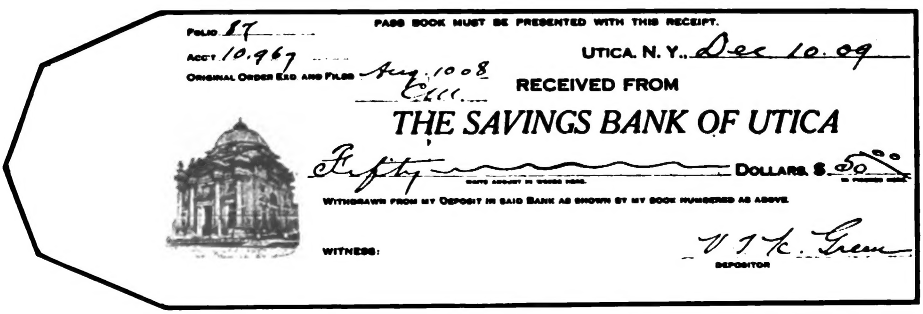
The outlook for a great extension of savings bank insurance in the financial year just beginning is said to be favorable. Several new firms have recently become savings insurance agencies, and others have the matter under consideration. The concerns which have thus far been the largest contributors to the totals of savings bank life insurance are the following: United Shoe Machinery Company, Fore River Ship Building Company, George E. Keith Company, Regal Shoe Company, Boston Typothetæ, C. K. Fox, Dennison Manufacturing Company, Commonwealth Shoe & Leather Company, W. H. McElwain Company, F. W. Bird & Son, Winslow Bros. & Smith, and the Tubular and Stud Company.

THE TELLER AND HIS TASK.

MISCELLANEOUS DEPOSITS AND DRAFTS.

By W. H. Kniffin, Jr.

IN our treatment of the deposits and withdrawals in a savings bank, thus far, we have considered only those which are regular, that is, the depositor appearing in person *with the pass book* and the transaction having been made *in cash*. But inasmuch as a great many transactions are what may be termed irregular, a clear idea of the procedure in such cases is necessary. The term "irregular" will include deposits by check, deposits without the book, deposits and withdrawals made by other than the depositor, deposits and drafts by mail (not including banking by mail, which will be treated separately), transfer of accounts, and deceased persons' accounts. The latter will be touched

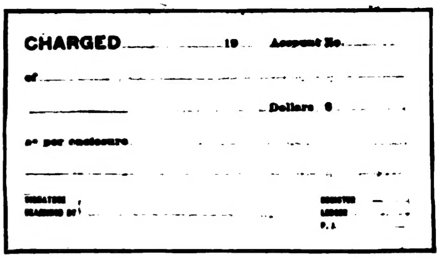

FOLIO 17
ACCT 10,967
ORIGINAL ORDER REC AND FILED Aug. 1008
PASS BOOK MUST BE PRESENTED WITH THIS RECEIPT.
UTICA, N. Y. Dec 10. 09
RECEIVED FROM
THE SAVINGS BANK OF UTICA
Fifty DOLLARS $ 50 00
WITHDRAWN FROM MY DEPOSIT IN SAID BANK AS SHOWN BY MY BOOK NUMBERED AS ABOVE.
WITNESS:
DEPOSITOR

Form 1.—Envelope same size as withdrawal blanks. Intended to enclose "home-made" orders. A good idea of the Utica, N. Y., Savings Bank. Can also be used for filing an original order calling for payment of any or all monies standing to credit of depositor, to stipulated party, together with subsequent orders signed by person so designated.

upon but incidentally, as it is of enough importance to merit extensive treatment by itself.

"Home Made" Orders.

In spite of the fact that many savings banks are now including a form of withdrawal, to be used by depositors not coming in person, many "home made" orders are received, on all sorts of paper, and in all sorts of shapes and sizes. It would not seem to be a difficult matter to follow a plain, simple set of directions for properly making out an order on a savings bank, yet many of the sort shown in the last number of The Bankers Magazine are received, and in order to avoid being arbitrary, and put the depositor to unnecessary trouble, they are honored. A savings bank in Michigan not only gives the proper form, but has several blank checks in the back of the book, perforated, for such cases, and this would seem to be an excellent idea, although adding somewhat to the cost of the book. It is not, however, customary among savings banks to encourage this "absent treatment" (to borrow a term from Christian Science), but rather to encourage over-the-counter-banking in person. But the Utica Savings Bank has a most excellent idea (Form 1), in this regard, in the form of an envelope about the size of an ordinary check, in which such home made orders may be filed without using pins or paper clips. The receipt of the one presenting the order is taken on the outside, and for filing it is much better than any idea yet come to the writer's notice. As will


CHARGED ... 19 ...

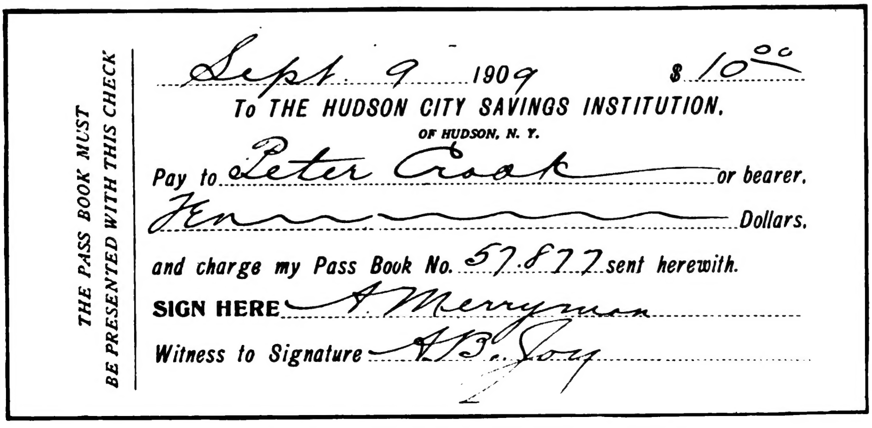
Form 2.—Transparent envelope for filing "Home-made Orders." A very good idea. Notations by officer at time of payment.

be seen from a study of the form, it can be used for filing the original order, where an unlimited order is filed, and also for all subsequent orders. But this would not apply where banks are in the habit of filing by months, and not by account numbers.

Form 2 embodies the same idea; but in this case the envelope is transparent and the order can be inserted and read through the cover, while notations may be made on the outside, as indicated. This, too, is a good idea.

The Notary's Certificate.

As has been stated before, a savings bank, unlike a bank of discount, is not bound to know the signature of its de-


THE PASS BOOK MUST BE PRESENTED WITH THIS CHECK

Sept. 9 1909 $ 10.00

To THE HUDSON CITY SAVINGS INSTITUTION, OF HUDSON, N. Y.

Pay to Peter Croak or bearer.

Ten Dollars,

and charge my Pass Book No. 57877 sent herewith.

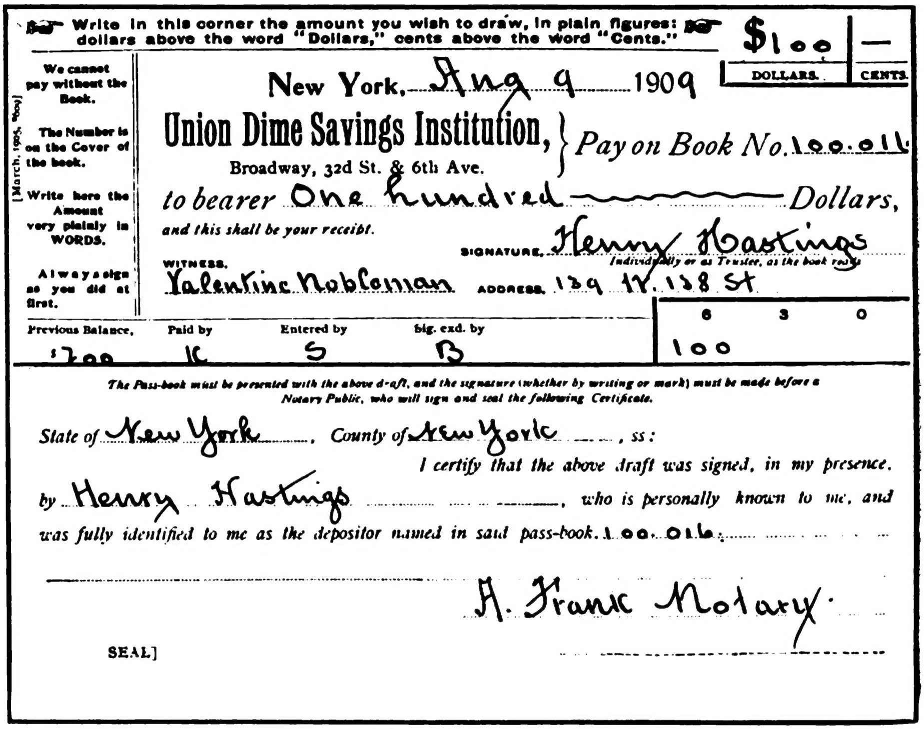
SIGN HERE A. Merryman

Witness to Signature A. B. Joy

Form 3.—Withdrawal Form. Depositor not coming in person.

positors, but is bound to use ordinary care that payment is made to the proper person. And what is ordinary care will depend upon the circumstances. It would probably be true that the signature of the average savings bank depositor would not, alone, be a safe guide, for many such depositors have not yet learned the commercial value of sticking to one form of signature. To them, "Mrs. Smith" is as good as Mrs. which is a combined order and Notary Public's certificate of the inability to write. The sample should have been signed by mark, but the omission was discovered too late to correct the error.

In case such an order should be questioned, it is quite likely the bank would be amply sustained, as it had used due precaution to prevent fraud (the book accompanying the order), and the only ground upon which the plaintiff would


Write in this corner the amount you wish to draw, in plain figures: dollars above the word "Dollars," cents above the word "Cents." $100 | —
DOLLARS. CENTS.

We cannot pay without the Book.
The Number is on the Cover of the book.
Write here the Amount very plainly in WORDS.
Always sign as you did at first.
[March, 1905, 800]

New York, Aug 9 1909
Union Dime Savings Institution, Broadway, 32d St. & 6th Ave. } Pay on Book No. 100.011
to bearer One hundred Dollars,
and this shall be your receipt.
SIGNATURE. Henry Hastings
Individually or as Trustee, as the book reads
WITNESS. Valentine Noblemann
ADDRESS. 129 W. 128 St

Previous Balance,	Paid by	Entered by	Sig. exd. by	6 3 0
$700	K	S	B	100

The Pass-book must be presented with the above draft, and the signature (whether by writing or mark) must be made before a Notary Public, who will sign and seal the following Certificate.

State of New York, County of New York, ss:
I certify that the above draft was signed, in my presence, by Henry Hastings, who is personally known to me, and was fully identified to me as the depositor named in said pass-book. 100.011

A. Frank Notary.

SEAL]

Form 4.—Withdrawal form with notary's certificate. Union Dime Savings Bank, New York.

Evelyn Brown Smith, as she originally signed herself. Here it is that the test questions become valuable and identification is not a difficult matter. But there are times when it is impossible for the depositor to come in person, or to fill out an order that will pass muster, as in sickness, accident, signature by mark, etc.

To meet such emergencies, many good forms have been devised, and one is shown herewith (Form 8), used by the Bowery Savings Bank, New York, have to stand would be that of fraud in the execution of the instrument, and he would have to prove that he was not negligent and did not make it easy and possible for the fraud to be committed, and even then he would not have a very good case, for what more could the bank do than it had done?

Form 4 embodies the same idea, and is used by the Union Dime Savings Bank, New York, and also Forms 7 and 9, of the Dollar Savings Bank, also in Manhattan. The latter will be found

Pass-Book must be presented with this order.

May 31 1909 $50.

PROVIDENCE INSTITUTION FOR SAVINGS.

Pay A. J. Doctor or Bearer,

Fifty Dollars,

of Account No. 4099

(Sign here.) A. Sick Patient

Witness: Jane Nurse

Form 5.—For use of sick depositor in withdrawing money. Physician's certificate on reverse side. Providence Institution for Savings, Providence, R. I.

The Passbook must be presented with this order.
If a trustee account, add the word "trustee" after the signature.

DOLLAR SAVINGS BANK.

PAY TO BEARER AND CHARGE PASSBOOK NO. 37.689

One hundred DOLLARS

SIGNATURE Samuel Sampson

DEPOSITOR'S PRESENT ADDRESS 426 E. 125 St. N.Y.

DEPOSITOR'S AGE 37 FATHER'S FULL NAME John Sampson

BIRTHDAY Feb 2. MOTHER'S FULL MAIDEN NAME Maria Ashdown

STATE OF New York COUNTY OF New York S. S.

On this 1st day of Feb. 1910 the Depositor above described was fully identified to me and signed the above order in my presence, and at the time was of sound mind and knew the nature and amount of this order.

NOTARY'S SEAL

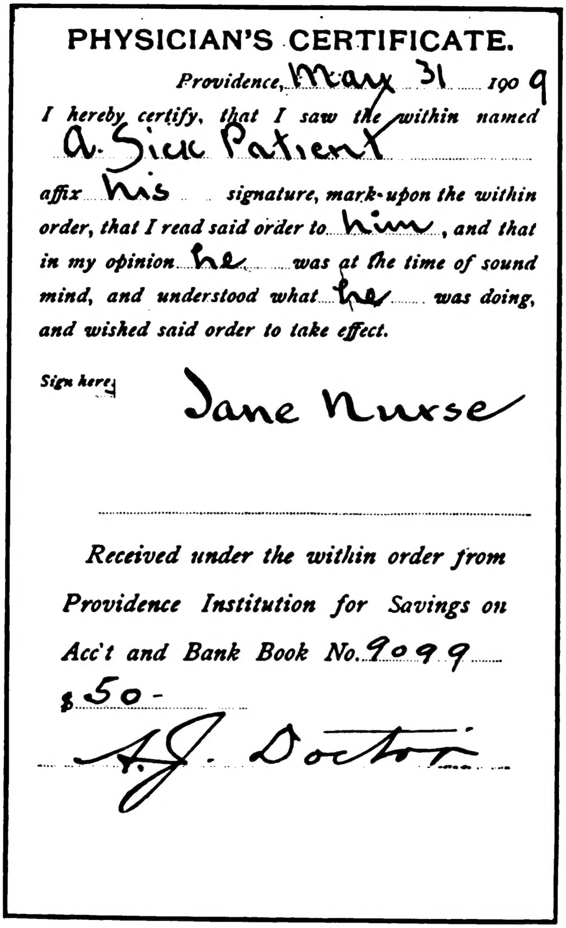
A. J. Lawyer

NOTE—This order is only to be used by Depositors who cannot come to the Bank and are unable to write. It should be filled out by a Notary Public.

Form 7.—Withdrawal order with notary's acknowledgment. Dollar Savings Bank, New York.

to include the pedigree of the depositor, and would seem to be an extra precaution and a very good suggestion. Of course, it is not to say that one who can answer the test questions correctly is the depositor. One illustration was given in the December BANKERS MAGAZINE. Another occurred some years ago in the Emigrant Industrial Savings Bank, in which instance the one perpetrating the fraud wrote the depositor a letter, asking the information necessary to answer the bank's queries. Knowing the depositor's pedigree and being able to imitate his signature, payment was duly made and sustained. Wall vs. Emigrant Ind. Sav. Bank 64 Hun. 249.

The Providence Institution for Savings, Providence, R. I., provides a physician's certificate for withdrawal in case of sickness, the certificate being printed on the reverse side of the order, making a compact and complete document. (Forms 5 and 6.)



PHYSICIAN'S CERTIFICATE.

Providence, May 31 *190* 9

I hereby certify, that I saw the within named A. Sick Patient *affix* his *signature, mark upon the within order, that I read said order to* him*, and that in my opinion* he *was at the time of sound mind, and understood what* he *was doing, and wished said order to take effect.*

Sign here Jane Nurse

Received under the within order from Providence Institution for Savings on Acc't and Bank Book No. 9099

$ 50 -

A. J. Doctor

Form 6.—(Reverse of Form 5.)

DEPOSITS WITHOUT BOOK.

It is the custom in some banks to refuse to make *any* transaction without the book, except in cases of lost books, where the presentation of the book is impossible; but in order to accommodate

New York, July 3. *190*9

THE BOWERY SAVINGS BANK.

28 and 130 BOWERY, NEW YORK.

Pay to Peter . C. Cooper *or Bearer.*

Ten *Dollars,*

and charge to my account No. 100.608

$10.00

Alexander Small

THE BOWERY SAVINGS BANK

State of New York
County of New York } ss.

On this Third day of July one thousand nine hundred and nine before me Uriah Heep a Notary Public in and for the County of N. York State of New York personally appeared Alexander Small to me known and known to me to be the individual described in, and who executed the foregoing order on The Bowery Savings Bank, and acknowledged to me that he executed the same for the purpose stated therein; and further acknowledged that he was unable to write his signature because of broken arm

In Witness Whereof, I have hereunto set my hand and affixed my official seal, on the day and year above written.

Uriah Heep

NOTARIAL SEAL.

COUNTY CLERK'S CERTIFICATE MUST BE ATTACHED.

Form 8.—Withdrawal blank to be used when depositor is unable to write. Bowery Savings Bank, New York.

depositors who have forgotten the book or cannot obtain possession of it, many savings banks have proper blanks for such cases. The routine of the bank is upset somewhat on account of the necessity of obtaining the depositor's number from the indices. With the card system, this is not difficult. The usual

5

The Passbook must be presented with this order.
If a trustee account, add the word "trustee" after the signature.

DOLLAR SAVINGS BANK.

PAY TO BEARER AND CHARGE PASSBOOK NO. 80.675

Sixty DOLLARS

DATE Feb. 10. 1910 SIGNATURE Chas. Cashdaller

DEPOSITOR'S PRESENT ADDRESS 55 E. 187 St. New York

DEPOSITOR'S AGE 32 FATHER'S FULL NAME Adam his X Cashdaller

BIRTHDAY Feb. 1 MOTHER'S FULL MAIDEN NAME Sophie Short

NOTE—This order is only to be used by Depositors who cannot come to the Bank and are unable to write. Some one who can write should fill out the check and write in the Depositor's name like this—Samuel His X Mark Smith or Mary Her X Mark Smith.

The Depositor should then sign the order by making an X mark in the middle of the name in the presence of two responsible neighbors or persons known to the Bank, who should certify the fact to the Bank on the form below:

WE HEREBY CERTIFY TO THE DOLLAR SAVINGS BANK,

1st, That we saw the Depositor sign the above order on the date written.
2nd, That the Depositor named and described was fully identified to us.
3rd, That the Depositor was of sound mind at the time and knew the nature and amount of this order.

NAME Wm Somebody

MY PASSBOOK NO. 50.873 ADDRESS 55 E 187 St. NY

NAME John Nobody

MY PASSBOOK NO. 33.789 ADDRESS 57 E 187 St NY

Form 9.—Complete and comprehensive form for withdrawing funds, when depositor does not come in person. Note test questions and witness' certificate. Dollar Savings Bank, New York. Does not include notary's certificate, but has instead two witnesses.

procedure is to issue non-negotiable receipt for the amount, and in some banks note is made on the ledger that the deposit is not on the book. The surrender of the receipt is usually required before the entry will be made on the book. (Forms 7-8-9.)

The coupon receipt shown in Form 10 is the most desirable, as the stub can be detached and form the deposit ticket, and at the same time indicate to the posting clerk that the deposit is irregular and due note made opposite the entry. Such a form will answer in cases

Hudson, N. Y., Jany 12 1910
Deposited by Mary Hudson
to be credited on Book No. 44.767
in name of Henry Hudson
Dollars. ($ 50.00)

Hudson City Savings Institution

Hudson, N. Y. Jany 12 1910

Received from Henry Hudson

Fifty Dollars ($ 50.00)

to be credited on Pass Book No. 44.767

upon presentation of said Pass Book and the surrender of this receipt.

HUDSON CITY SAVINGS INSTITUTION.
Per A. A. Teller

Form 10.—Receipt given when deposit is made without the pass book. Stub retained by bank and used as deposit ticket. Hudson City Savings Institution, Hudson, N. Y.

DEPOSITED IN THE

CORTLAND SAVINGS BANK

TO THE CREDIT OF

Lillian Schoolman No. 98765

by herself $50-

Cortland, N. Y. CORTLAND SAVINGS BANK

Apr. 2. 09 Per K

This slip is merely a memorandum; it is not transferable and the amount deposited can be drawn only by the party to whose credit it is placed, and upon presentation of the pass book.

Form 11.—Deposit receipt issued by the Cortland (N. Y.) Savings Bank for deposits without the pass book.

where deposits are made by one person for another.

Such deposits are frequently made as birth-day gifts, etc., and the book being in possession of the donee, evidence is desirable that the deposit has been duly made. Withdrawals should not be permitted without the book, unless the reasons for so doing are most urgent and of sufficient importance to warrant the breaking of a rule which should, in so far as possible, *be strictly adhered to.*

MEMORANDUM.
ALBANY COUNTY SAVINGS BANK.
NOT NEGOTIABLE.

Date June 9 1909 Pass Book No. 376.895

Credited Samuel Strongman

Amount, $250.00

A. P. Swift Teller.

KEEP THIS IN YOUR PASS BOOK.

Form 12.—Receipt issued when pass book is not presented with deposit. Albany County Savings Bank, Albany, N. Y.

The importance of giving receipt will be seen from the following instance that occurred in Brooklyn recently. A young man came in the bank and claimed he had made a deposit without the book; that his book had been lost, and that he had sent his younger brother

The Dime Savings Bank,
Norwich, Conn. AUG 17 1909

Amanda Brown
Ipswich, Conn.

NOT NEGOTIABLE

We have this day received from Jonathan Brown

Forty *Dollars*

which we have credited on your Deposit Account No. 89768

Adam Barker *Treasurer.*

Form 13.—Deposit receipt issued by The Dime Savings Bank of Norwich, Conn., for deposit received without the book.

with the money, and at the same time to notify the bank of the loss of the book. There was no such entry on the bank ledger and he had no receipt for the amount, and the officers were certain that they never received such a deposit without issuing receipt. After annoying the bank officials for some time, in order to settle the matter, he was credited with the amount, which was trivial; but as a matter of law and of banking it was not a good case for the depositor and it is doubtful if the payment was warranted, save on the ground that the youth might have influenced some good accounts away from the bank and it was cheaper to pay him his money. Even then it was establishing a bad precedent.

(To be continued.)

ARTLESS JAPANESE FINANCE NOT FAVORED ON THE PACIFIC COAST.

JAPANESE banks are peculiar at home and, when transplanted to America do not always lose their native traits. There is a recent and perfectly authentic case of an American gentleman who wanted to borrow $2,000 with which to buy more curios in Japan, and, having no handy security, went to the manager of a bank in Tokio and asked for a loan on his word. He looked reputable, but the loan was made because of the use he meant to make of the funds. With the bizarre patriotism of his race, the banker argued that, even if the $2,000 were never paid back, it would help out the business of Japan and could be charged up as a patriotic offering. Happily there was no national bank inspector to object, and as the loan was repaid with interest, the deal, however it violated banking principles, was a profitable one.

But the artless and happy-go-lucky ways of Japanese finance do not work well in America, hence the recent official closing of eight out of ten Japanese banks in California. These institutions were comic-opera banks which should have been run to the music of the samisen and under the patronage of the geisha, for the money taken in was allowed to flow out like hot tea at a cherry-blossom dance, and into enterprises more or less irresponsible, in which the bank officers had invested. Strange to say, no explosions followed, and it may be that the little brown financiers would, but for the new banking law, have kept merrily on for years, watched of the god of wealth and harming nobody. Who can tell? No one, unless he has deciphered Japanese character, can presume to say whether the method would have been changed.—*San Francisco Chronicle.*

BIG TRADE ACROSS ISTHMUS.

TRANS-ISTHMIAN traffic between the Atlantic and Pacific is becoming a factor that must be reckoned with in competition with the transcontinental railways.

According to figures made up in the Bureau of Statistics of the Department of Commerce and Labor, more than $60,000,000 worth of American merchandise was carried by rail across the Isthmus of Panama and the Isthmus of Tehuantepec during the fiscal year 1909, and in the calendar year which ends next month the total will probably reach $75,000,000 in value.

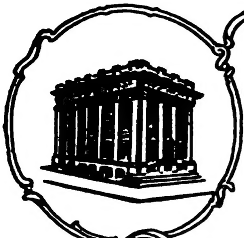
Of the two railway lines which now carry freight across the narrow neck of land connecting North and South America, that at the Isthmus of Panama is forty miles long; the other, at the Isthmus of Tehuantepec, 190 miles. The one at Panama, owned by the United States Government, is, of course, largely devoted to work and traffic growing out of the construction of the canal; the other, at Tehuantepec, constructed chiefly by British capital and controlled in part by the Mexican Government, was built especially for the purpose of handling freight between the Atlantic and Pacific, and, although opened only at the beginning of 1907, has already carried about $100,000,000 worth of merchandise, chiefly between the Atlantic and Pacific coasts of the United States.

GOLD AND SILVER WORKERS.

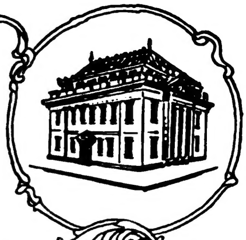
A NOVEL system of classification of employes is followed in the Panama Canal Zone. The men are rated in two divisions, known as the gold and the silver divisions.

The gold employes, according to the "Bookkeeper," are the engineers, clerks, bookkeepers, auditors and all except the mechanics and ordinary laborers, who are classed as silver men. There are 4166 of the gold men and 22,322 of the silver men.

The latter are again classified into American, European and West Indian laborers. Of the total number over 10,000 are from the West Indies and the old country. The gold men are so named because they are paid in United States currency, while the silver men are paid in Panama currency, which has only a local circulation.



TRUST COMPANIES



Conducted by Clay Herrick.

IS THE TRUST COMPANY TO LOSE ITS DISTINCTIVE CHARACTER?

WHAT may be considered the first necessary step in the permanent establishment of the trust company as a factor in our civilization,—namely the recognition of the superiority of the corporate over the individual trustee,—has doubtless been accomplished. It is true that the individual is still used more than the corporation as trustee, administrator, executor and agent, and present conditions may continue for many years. But the principle is thoroughly established, the most intelligent people recognize it, and the customary employment of the corporate rather than the individual trustee is only a matter of time. The developments of the future cannot but be away from the old plan of placing trusts in the hands of individuals, and the field for the trust company must be ever widening.

But now arises the question whether this field is to be occupied by trust companies of the original and distinctive type, *i. e.*, by corporations existing for the principal purpose of executing trusts, or whether it is to be open indiscriminately to all financial institutions, who may undertake it merely as a side-line along with other business.

That the tendencies of the last few years have been unmistakably towards the latter outcome seems unquestionable. The lines of demarcation between the trust company and other classes of financial institutions have been rapidly disappearing. Already in many communities the differences between trust companies and other banks are so slight as to escape the observation of the uninitiated, while even experts must find the differences in the theories upon which the various institutions are founded rather than in the functions which they actually exercise. This condition is the result of several tendencies which it will be useful to examine in some detail.

How the Trust Company Is Losing Its Individuality.

First of these tendencies is the encroachment of the trust company itself upon the field of the savings and the commercial bank,—the movement which has made the trust company of to-day in many localities combine all the functions of the regular commercial bank, the savings bank and the trust company, with the last-named functions often furnishing only a small proportion of the business done. While the first corporations doing a trust business were also engaged in the insurance business, the latter was soon dropped, and until the last quarter of the nineteenth century the trust company was a corporation existing for the prime purpose of executing trusts. A few—a very few—of the older companies still confine themselves principally to that line of business. Along in the eighties began the great development of the modern trust company, and that development has been accompanied by an ever increasing assumption of banking powers by trust companies.

The first large growth in this direction was in the expansion of the savings departments of trust companies,—a line of business which is certainly closely allied with trust business, and quite naturally grew with it. In most States the savings department to-day

represents a very large part of the business of the trust companies, which often carry the major part of the savings deposits of their communities.

Check Accounts Accepted.

Experience soon proved that many customers desired the privilege of carrying checking accounts, and business of this kind also grew rapidly. There is a class of checking accounts which are not properly "commercial accounts" in the old sense, and for which the old-time commercial bank made little or no provision. These are the accounts, usually with comparatively small balances, of professional men,—lawyers, doctors, teachers and others,—of women, of persons retired from business, or of business men who wish personal checking accounts aside from their regular business accounts. These depositors wish and expect no accommodation other than the safe keeping of their funds and the honoring of their checks; though in recent years interest on the larger balances has been offered and of course accepted by the depositor. The number of such accounts and the volume of business connected with them have increased prodigiously in recent years, and banks of all kinds now desire this business; but in earlier years their number was small and the accounts were not wanted by the banks unless in exceptional cases where the balances were large.

Commercial Accounts Accepted.

From the carrying of accounts of this class the next step was the acceptance of regular commercial accounts carrying discount privileges, where the law did not specifically forbid it; and a large number of trust companies now handle such accounts quite as freely as do the commercial banks. The laws of more than twenty of the States specifically authorize trust companies to engage in commercial banking, while the absence of prohibitory statutes permits it in other States. With the exception of four or five States in which the laws absolutely prohibit trust companies from doing a banking business, it is safe to say that most trust companies throughout the country take all the savings and non-commercial checking account business that they can get; while in about half of the States they undertake regular commercial banking, including discounting.

Competition of State Banks.

A second tendency, more recent in origin and thus far less fully developed, has been that of granting trust powers to State banks. An early instance of this is the statutes of Illinois, which authorize the incorporation of State banks with trust powers. Kentucky and Ohio have recently enacted laws permitting the establishment of companies having both banking and trust powers, and similar legislation has been proposed in other States. The granting of full banking powers to trust companies, which as already stated is done in more than twenty States, of course accomplishes the same result, the only difference being that the corporation is called a trust company instead of a bank.

Competition of National Banks.

A third tendency is the increasing exercise of limited trust and savings bank functions by national banks and the proposition which has gained adherents in some quarters of amending the National Bank Act so as to permit such banks to exercise full trust powers. The Fowler Bill, it will be remembered, contained such a provision. Some of the less distinctive powers of trust companies have always been exercised by national banks, at their discretion; but the tendency is to an increasing use of such powers. At the meeting of the Trust Company Section of the American Bankers' Association in 1908, Mr. Breckenridge Jones gave a very forceful presentation of the drift in this direction, in his address on "The Trust Company a Necessity."

Present Tendencies.

We have, then, the facts that the trust company has assumed quite complete banking functions, and that both State and national banks have assumed some

trust functions and tend to assume more, while the proposition of giving them complete trust functions meets with favor in some circles. It must be evident that if the present tendencies continue long enough, we shall have but one kind of financial institution, which will combine all the functions of the commercial bank, savings bank and trust company. Two questions naturally arise—will the present tendencies continue, and if they do will the result be good? As to the first question, the writer is not a prophet and therefore will not prophecy; but he may be permitted to say that intelligent consideration of the subject may have some effect upon the tendencies.

It should be noted, too, that an opposing tendency has developed already, in the growing practice of establishing trust company adjuncts to national banks or of the control by the same interests of both a national bank and a trust company. This plan recognizes both the necessity of the trust company and the desirability of distinctly separating trust business from banking business.

What may also be considered a counter-tendency is found in the movement for the segregation of savings deposits in companies which receive both savings and commercial accounts; for, while it does not bear directly on trust business, the principle involved is the same, namely, that where distinct lines of business are transacted by a given corporation, the assets and liabilities of each line should be kept separate.

The Suggested Solution.

On the question whether good results would follow if we were to drift into the practice of maintaining but one kind of financial institution, handling all kinds of banking and trust business, instead of preserving separate institutions for the trust business, the writer is distinctly of the opinion that the results would not be good. The differences in theory and in practice between purely trust business and commercial banking are many and vital. Risks and methods of business that are quite justifiable in the latter are wholly improper in the former. If the two are handled by the same corporation it is inevitable that one of two results must follow:—either the commercial banking will be unnecessarily restricted or the trust business will be involved in liabilities with which it ought not to be burdened. The segregation of the business into departments may mitigate the evils, but cannot wholly do away with them. Such segregation can never be complete enough until it results in the maintenance of separate corporations for the two lines of business; and this is the plan adopted, as already suggested, by those who maintain both a commercial bank and a trust company under the same control or with a community of interest. This plan seems to accomplish the benefits of the all-in-one method, without the evils attendant upon the latter. To the writer's mind it points out the proper solution of the problem, and it would result in ultimately reducing our financial corporations to two classes—commercial banks and trust companies,—the latter including the business of handling savings deposits.

Drawing the Line.

Just where the line should be drawn between the two classes of institutions is, of course, not a simple problem; yet the results of experience would seem to indicate that the best point of division would be at the point where purely commercial banking begins,—*i. e.*, banking which shares in the risks of ordinary business, which lends upon the credit of those engaged in mercantile, industrial and manufacturing pursuits. Reduced to its simplest form, this would mean simply that the making of discounts or the "buying" of commercial paper would be the point of departure, as is practically the case to-day in several States. The carrying of checking accounts for persons who do not expect discounts in return is not properly "commercial banking," although that term is often loosely applied to such business; it does not involve the peculiar risks of strictly commercial banking, which are due to the

character of the loans made, the "accommodations" furnished. The chief point of clashing between banks and trust companies has been over the commercial accounts. It is probably too much to expect that any line of division could be drawn which would be wholly satisfactory to both parties; but none appears less objectionable than this of purely commercial accounts as above defined.

That the savings business is a proper function for trust companies seems to be admitted by general consent. The taking of savings deposits by trust companies is almost universal throughout the country. Both law and custom have hedged about both lines of business much the same safeguards. Their forms of investment are very similar, if not identical. The savings account partakes of much the same character as the trust account.

The problem involves a consideration of the rights of those engaged in commercial banking and those engaged in the trust company business; but most of all it involves a consideration of the future effects upon the country as a whole. In the long run, the interests of all are the same,—the perfection of a system which shall best secure safety and facility in the handling of the financial affairs of our people. The writer does not doubt that the good sense of the American people will solve this problem in the wisest manner; but he believes that the time is ripe for an earnest consideration of the paths into which the present tendencies are leading us.

EDWARD T. PERINE'S ADDRESSES.

THE Audit Company of New York has published in book form the two addresses delivered by Edward T. Perine before the Trust Company Section, A. B. A., in 1905 and 1909, together with statistical tables of American trust companies. The two addresses present an able statistical account of American trust companies from 1875 to 1909, covering the period during which their marvellous growth has been accomplished. The growth in total resources of the trust companies of the country is shown to be from $3,138,085,328, in 1904, to $4,609,088,800, in 1909, an increase of $1,471,003,472, or about forty-seven per cent. in the five years. The number of companies has grown from 994, in 1904, to 1,496, in 1909,—over fifty per cent. The number of companies on a dividend paying basis was 560, in 1903, and 984, in 1909, the average rate of dividends having increased from 10.3 per cent. to 11.9 per cent. Mr. Perine estimates the earnings of all the companies for the five years, 1904 to 1908, inclusive, at 250 millions of dollars, or at the rate of 50 million dollars each year.

One of the statistical tables in the book gives a list of the 1,496 trust com-

	Total Resources (In Thousands) 1904	1909
Farmers' Loan & Trust Co., New York	72,031	152,523
Central Trust Co., New York	57,515	112,764
Illinois Trust & Savings Bank, Chicago	90,913	101,592
Guaranty Trust Co., New York	48,473	99,048
United States Trust Co., New York	73,036	95,218
New York Trust Co., New York	64,128	92,805
Mercantile Trust Co., New York	68,834	89,582
Union Trust Co., New York	60,229	78,170
Merchants' Loan & Trust Co., Chicago	49,512	66,560
Equitable Trust Co., New York	66,524	63,749
Union Trust Co., Pittsburgh	50,577	60,925
Morton Trust Co., New York	61,134	60,246
United States Mortgage & Trust Co., New York	41,422	59,195
Girard Trust Co., Philadelphia	36,603	51,262
Knickerbocker Trust Co., New York	51,247	50,589
Bankers Trust Co., New York	16,944	50,407

panies in the country, arranged in the order of their total resources in 1909, with a comparison with the standing of each in 1904. It is shown that in 1909 there were three companies with total resources of over 100 millions; sixteen companies whose total resources were over fifty millions; eighty-nine, over ten millions; 152, over five millions; 556, over one million; 940, under one million. The sixteen companies having resources of over fifty millions each are shown in table on opposite page.

RESOURCES OF TRUST COMPANIES AND OTHER BANKS.

THE National Monetary Commission has recently made public its figures showing statistics of all banks in the United States, including island possessions, as of April 21, 1909. The statistics include national, State, savings and private banks and trust companies. The total number of institutions reporting was 22,491, whose total resources were $21,095,054,420; capital, $1,800,036,368; surplus and profits, $1,834,625,428; aggregate deposits, $16,318,613,032.

These figures give the opportunity of learning the relative importance of trust companies as compared with the other financial institutions of the country. For this purpose the statistics furnished by "Trust Companies of the United States," published by The United States Mortgage & Trust Company of New York, under date June 30, 1909, may be used. The total number of trust companies is 1,496, which is a little less than seven per cent. of the total number of financial institutions reporting to the National Monetary Commission. The resources of these 1,496 trust companies were $4,609,088,800, or nearly twenty-two per cent. of the total. Their capital was $415,035,053, or twenty-three per cent.; their surplus and profits $502,452,916, or a little over twenty-seven per cent.; their aggregate deposits $3,422,990,475, or a little less than twenty-one per cent. It thus appears that the trust companies of the country, though numbering only about one-fourteenth of all financial institutions, have over one-fifth of the total resources and over one-fifth of the total deposits. Their relative importance is, of course, greatly increased by reason of the unknown, but certainly large, amount of trust funds which they control, but which do not appear in their statements.

"TRUST COMPANIES OF THE UNITED STATES—1909."

THE United States Mortgage & Trust Company has issued the 1909 edition of its valuable statistical book, "Trust Companies of the United States," giving the statements of 1,504 companies. This work, which has been issued each year since 1903, easily takes rank as the most complete and accurate source of information regarding current

RESOURCES.	1908-1470 Cos.	1909-1504 Cos.
Stocks and bonds	$895,509,062.66	$1,074,267,718.46
Loans, notes and mortgages	2,024,233,769.08	2,345,028,197.54
Cash on hand and in bank	810,475,633.58	1,000,216,846.17
Real estate	118,761,418.26	143,379,226.92
Other resources	68,462,472.96	47,480,284.50
Total	$3,917,442,356.54	$4,610,369,273.59
LIABILITIES.		
Capital stock	$410,792,491.37	$415,427,503.27
Surplus and profits	491,197,193.95	502,523,500.87
Deposits	2,787,503,126.69	3,423,790,734.25
Due to banks and bankers	125,902,174.79	144,037,859.10
Other liabilities	102,047,369.74	124,589,676.10
Total	$3,989,442,356.54	$4,610,369,273.59

trust company statistics. For each company are given the statement of assets and liabilities, the officers and directors, the date of organization, quotations on stock, dividend rates and New York correspondents. The total figures for June 30, 1909, and those shown by the June 30, 1908, edition, are shown in table on page 73.

THE INVESTMENT OF TRUST FUNDS.

UNDER this title, Rollin C. Ayres of San Francisco has published an instructive and valuable book, designed to help trustees in the choice of investments.

The author of this helpful book is Mr. Frank C. Mortimer, assistant cashier of the Berkeley (Cal.) Bank of Savings and Trust Company.

J. P. MORGAN'S INTERESTS IN TRUST COMPANIES.

THE acquisition early in December by J. P. Morgan and his colleagues of controlling interests in the Guaranty, Equitable and Mercantile Trust Companies of New York has given rise to rumors of plans for a mammoth trust company which would far exceed in size any of the already large trust companies of the country. While the rumors lack confirmation, the possibility of such a step evidently exists, and the outcome will be watched with interest. Besides the three companies above named, the Morgan interests are understood to be dominant in the Astor, Bankers, Fifth Avenue, and Standard Trust Companies, thus controlling seven large companies with total resources of over 325 million dollars. Whatever plans may be carried out regarding these companies, it is evident that Mr. Morgan is to be a very important factor in the trust company world.

POURING MONEY INTO A RAT-HOLE.

PRESIDENT TAFT adopted a cautious attitude toward the claims of the deep waterway boomers before he started down the Mississippi River. What he observed during the voyage to New Orleans seems to have had the effect of strengthening him in that position, for we find him saying at Jackson, Miss.: "We have to be certain what it is we are doing and that we are not going to pour money down a rat-hole, when we put millions into the improvements that are contemplated." He seems to think the Gulf-to-Chicago deep waterway scheme may be full of ratholes, and so it may.

The "Engineering News" of New York, at this point in the billion-dollar hurrah for a fourteen-foot waterway along the Mississippi and up its tributaries performs a worthy public service by calling attention to the report of the Government Board of Engineers on the project and printing again a good part of the report which was made public last June. President Taft has evidently not been losing sight of that report in his journeyings with the boomers down the river. The Government engineers, it will be remembered, estimated the cost of making a fourteen-foot channel from New Orleans to Chicago at not less than and probably much more than $160,000,000, with an annual charge of $7,000,000 for maintenance—all to come out of the national treasury. And this makes no account of the extension of the deep channel up the Missouri, the Ohio and other tributaries, which would be demanded next as a matter of course. That it would prove to be a billion-dollar project the Government had been led into no one will seriously question. The scheme would be full of "ratholes."—*Springfield Republican.*

THE AGE OF GOLD.

THIS is beyond comparison the age of gold. One-thirtieth of all the gold that has been mined since Columbus found the Americas has been dug from Mother Earth this year. Since gold is the measure of value for all things, the effect which must be produced upon the price of every known commodity by this stupendous outpouring of the metal is very great and also world-wide. It is obvious that the result of increasing so rapidly the supply of gold, which is the universal yardstick of values, is to increase with nearly equal rapidity everything which it measures. Take away gold and the values drop, but swell the quantity of gold known to be in existence and values leap upward again.—*Philadelphia Press.*

PRACTICAL BANKING

GETTING PAY FOR SERVICES RENDERED.

By far too many banks are in the habit of rendering services gratuitously for which they should be paid. Some practical suggestions for securing needed reforms in this direction are made in the following communication from Arthur S. Cory, cashier of the Chehalis (Wash.) National Bank:

These are days of consolidations, trade agreements, clearing-house regulations, American and State Bankers' Association recommendations and suggestions. All are in the interest of economy, better management and the conserving of energy and profits.

However, there are a few minor details of banking, which although insignificant in themselves, yet in the aggregate might add a substantial amount to the year's profit account. These are along the same line as the saving made by the banks through the work of the State associations in the cost of surety bonds, cleaning time-locks, pursuing criminals, etc. Neither do I refer to the foolish handling of express orders by financial institutions, permitting the transportation companies to do a large and profitable exchange business at the banks' expense.

Particularly, I mention two subjects: First,

Mercantile and Individual Reports.

Every bank, to a greater or less extent, daily receives requests from outside credit agencies, wholesale houses and individuals for reports as to the financial and moral standing and reliability of parties in the bank's territory. In the majority of cases these requests are accompanied by a stamped return envelope; sometimes the stamp is forgotten (?), and once in a while a conscientious firm encloses a small fee.

I contend that a bank is entitled to a fee of from fifteen to twenty-five cents on each report, same to accompany the request, for two reasons. A bank's opinion is generally reliable; its knowledge of credits a part of its business. It is as much entitled to a fee as is Dun or Bradstreet. A bank's credit department, whether great or small, costs money and attention to be kept up to date and reliable. Why should strangers be entitled to its use for nothing? Second, the time taken answering the inquiry, whether by an officer or capable employe, has an ascertainable cash value, and in simple justice to the bank can ask to be recompensed for this loss.

The second thing to which I wish to refer is the matter of

Mercantile Collections.

Another imposition upon banks which they allow is in the collection department. Drafts come for collection, and in the majority of cases, not even a return stamped envelope is enclosed. The bank is supposed to record the item, present it in person (which takes time) or by mail (which costs money) and urge payment; then, if not already paid; if the amount is not wrong; if the party is in his office; if the account is due; if the goods are satisfactory and the party is in funds, payment may be made and the bank allowed to deduct a small fee, mark the item off the books, make out and mail the draft. Otherwise the bank goes through all the trouble and expense just the same, and if not paid, can return draft and not be charged a penalty for failure to collect.

Some firms will remit a small fee to reimburse the bank for its work, but no word is heard from the majority of draft senders. The writer doubts if the fees made on paid items actually pay the money cost of collections, not counting time or trouble involved.

These two matters are small in themselves, and yet I believe that the majority of bankers will agree that if a small fee of from ten to twenty-five cents in stamps was received in advance on all inquiries and collections, the postage account would greatly diminish. These fees would not apply to a bank's correspondents or to those having reciprocal relations. Also, a bank charging the fees must be anxious to send them when asking favors in other sections.

A suggested solution would be for the secretary of the State association to write each member, asking if he favors the rule, and if a majority do, publish the fact in the financial and trade journals that after a given date certain specified fees must accompany all collections and inquiries. When received without the fee, drop postal or letter (a rubber stamp could be used) informing them that their communication would have prompt attention upon receipt of the fee in stamps. It would only be a short time until every one knew of and observed the rule.

Of course, reason should guide in all things, and exceptions should always be made when needed, but in the main, the programme can be easily and profitably lived up to, for it is no graft, but simply a demand for pay for time and money expended.

REALITY OF BURIED GOLD.

ONE hundred and ten years ago, on October 9, 1799, the British man-of-war Lutin foundered and went to the bottom of the Zuyder Zee. This vessel was carrying about thirty million dollars' worth of gold and silver bars which the British cabinet was sending to the city of Hamburg to meet a financial crisis that threatened the Hanse towns. The precious cargo, which had been insured for twenty-five millions with the Lloyds, was a total loss, although an attempt was made by the Dutch government to raise the wreck. A violent storm had covered the hulk with so great a thickness of sand that it was impossible to reach her. Finally all rights to the sunken treasure was ceded to the company of Lloyds. In 1820 that firm was partly successful in another attempt to recover the bullion, 198 bars of silver and 1200 gold ingots, a total value of approximately $2,500,000 francs, being raised from its resting place.

Determined to make a more thorough search for the sunken gold and silver, the Lloyds recently entered into a contract with a salving company to undertake the work. A newly invented apparatus is to be used. This consists of a floating bridge, to the keel of which are fixed a number of vertical pipes that can pump up 40,000 tons of sand per day. At the bottom of each tube is a compartment for a diver. These chambers rest on wheels with serrated rims, which are driven by a motor. By this means the divers can roll their compartments over the bottom of the sea to any particular spot they wish to dredge.—*Harper's Weekly.*

BANK ASSETS TO BE VERIFIED BY CORRESPONDENCE.

TO effect the same result without the collection of a fee annoying to the banks, the Comptroller of the Currency has issued instructions to the national bank examiners advising them that the verification of assets or collateral of a national bank held on deposit elsewhere must be made by correspondence. Heretofore the local examiner in each case has been asked to verify the bonds or securities deposited with a bank in his district and has been allowed a fee for so doing. The comptroller feels that there is no more necessity for a personal verification of these securities than of bank balances.

IRELAND PROSPEROUS; BIG INCREASE OF BANK DEPOSITS.

IRELAND is entering upon an era of prosperity which can be attributed almost directly to the growing thrift of the Irish people, according to J. S. Armstrong, Jr., American vice-consul at Cork.

He reports that a statement from the Irish Department of Agriculture, just issued, declares that in June of this year, as compared with the corresponding month of 1908, there was an increase of approximately $9,400,000 in deposits in Irish joint stock banks and of about $2,900,000 in savings banks deposits.

A PROMINENT AND SUCCESSFUL BANKER.

JOHN M. MILLER, JR., whose recent election as a vice-president of the Virginia Trust Company of Richmond was briefly referred to in our last issue, has had a varied and most interesting career. He was born in Lynchburg, Va., in 1868, received his education in the schools of that city, and entered the Lynchburg National Bank in the summer of 1883. After an apprenticeship of seven years with this bank, during which time he informed himself of the ins and outs of banking, he became cashier of the First National Bank of Buchanan, Va., and capably filled that position from 1890 to 1893.

In 1893, Mr. Miller was made a national

JOHN M. MILLER, JR.

Vice-President and Cashier The First National Bank of Richmond, Va.; Vice-President Virginia Trust Company of Richmond.

bank examiner for Virginia, West Virginia, North Carolina, South Carolina, and East Tennessee. This work brought him in close touch with every sort of banking practice, and gave him an admirable training for his future career.

After traveling for two years as a national bank examiner, Mr. Miller was induced to take the cashiership of the Merchants and Farmers National Bank of Charlotte, N. C., and for the next seven years this institution enjoyed the benefit of his counsel and guidance.

From February, 1902, up to the present time he has served as cashier of the First National Bank of Richmond, Va., and since 1905 he has held the added title and duties of first vice-president. His recent election as a second vice-president of the Virginia Trust Company of Richmond has given much satisfaction to his loyal friends throughout the South.

Mr. Miller is directly interested in some of the leading enterprises of the South Atlantic States and is at present a second vice-president of the Richmond Chamber of Commerce; a director of the Richmond Business Men's Club; a director of the Albemarle Paper Mfg. Co., of Richmond; first vice-president of the Rhodhiss, N. C., Cotton Mills; and a director of the Williams & Shelton Co., wholesale dry goods, Charlotte, N. C. He has served several years as secretary of the North Carolina Bankers' Association, is prominent in the Virginia Bankers' Association, and is an active member of the Executive Council of the American Bankers' Association.

Mr. Miller, in addition to his attainments as a banker, is an all-around good sportsman, as his membership in the Westmorland Club, Deep Run Hunt Club and Country Club of Virginia will attest.

NEW PRESIDENT VIRGINIA TRUST COMPANY, RICHMOND, VA.

HERBERT W. JACKSON, whose election as president of the Virginia Trust Company of Richmond, was referred to in our last issue, is one of the prominent men in Southern banking circles to-day. His selection in 1908 as president of the North Carolina State Bankers' Association, and in 1909 as vice-president for North Carolina of the National Bankers' Association, attests to that.

Mr. Jackson was one of the organizers and first officers of the Commercial National Bank of Raleigh, N. C. and with its other officers, has helped to make it one of the really strong banks of the State.

In every department of the life of Raleigh and of the State at large, Mr. Jackson is a leader and important factor. He is vice-president and large stockholder

HERBERT W. JACKSON
President Virginia Trust Company, Richmond, Virginia.

of the Standard Gas Company, treasurer of the Atlantic Fire Insurance Company, director in the Jefferson Standard Life Insurance Company, member of the Municipal Building Commission, secretary and treasurer of the Raleigh News and Observer Publishing Company, and director and officer of other important concerns. His business judgment is trusted as fully as his integrity and large capacity.

The Virginia Trust Company, whose directors have been fortunate indeed to secure such a capable and well-known executive, is one of the strongest trust companies in the South Atlantic States. It has a capital of $500,000, which is to be increased to a million dollars, and is the fiduciary agent of the leading corporations, estates and trustees in Virginia and other States.

INVESTMENTS

Conducted by Franklin Escher.

BOND MARKET OUTLOOK.

THE year's record of price changes in bonds shows some striking advances, but there are but few bond men who will regret the passing of 1909. Conditions early in the year were not so bad, but just as the journey homeward will often give the whole tone to a trip, so the bond market for the year's closing months leaves the impression of a year of pretty unsatisfactory conditions.

Just at the close of the year, however, bond market conditions began to look up, giving a more hopeful tone to the outlook for 1910. Ahead of the market, it is true, are possible difficulties in the way of the corporations' great need for capital, possible gold exports and other uncertainties, but on the other hand several developments have lately taken place which suggest bettering investment market conditions. Reduction to three and one-half per cent. in the rate of interest paid by several prominent savings banks with its strong suggestion of the re-entrance of these institutions into the bond market is one of the most important of these developments. Another is the reduction in the Bank of England rate, which has definitely set at rest disquieting rumors as to foreign financial conditions. Still another is the growing conviction, born of President Taft's Message at the opening of Congress, that if the corporations have anything at all to fear in the way of adverse legislation that time is still very far removed.

The Savings Banks and the Bond Market.

Concerning the question of the reduction of savings bank interest in its relation to the bond market, the great point is that with the banks no longer under the necessity of paying out four per cent., these institutions will again be able to enter the bond market and take on good bonds at going prices. With the savings banks paying four per cent. and the best bonds selling on a less than four per cent. basis, the aloofness of the banks from the bond market has been anything but astonishing. But from now on that condition, according as the movement toward interest reduction becomes general, should be different. To a bank paying its depositors four per cent. there is nothing attractive about a good bond netting four per cent. To a bank paying three and one-half per cent. to its depositors, a four per cent. income looks entirely different.

As to reduction in savings bank deposits which may possibly follow lowering of the rate, it is to be remembered that practically all of the money so withdrawn is money which used the savings bank as an investment and which is likely almost immediately to go back into good bonds. The man with a few hundred dollars in the bank is not the one to draw it out when the interest rate is lowered so that he gets fifty cents less interest yearly on each hundred dollars. The man whose money will be taken out

is rather the man who has money invested in this savings bank and that for the purpose of drawing full four per cent. interest on it. Such money drawn out will hardly long remain uninvested. Savings-bank bonds are the logical form of security into which it will flow.

The Better Feeling Abroad.

Disclosing as it did a very much stronger position in London than many people thought existed there, the reduction in the English bank rate came as a welcome surprise to this market and has been largely instrumental in bringing about the better feeling. With the British government under the necessity of borrowing heavily to supply its current needs and a General Election impending, a good deal of uncertainty necessarily existed as to what might develop in the foreign markets and be reflected back on ourselves. That uncertainty has been largely removed by the action of the Governors of the Bank of England in putting down the rate. Such action, it is felt, would hardly have been taken until the situation in London was felt to be well in hand.

No Adverse Legislation.

The country has had time now to think over President Taft's Message and to make up its mind that no anti-corporation legislation need be feared for a good while to come. What the President's views are on the necessity of amending the anti-trust laws and the interstate commerce laws, still remains to be seen; but a conviction seems to be strengthening and deepening in the public mind that no legislation undertaken by Congress under the direction of the present Administration will be of such a kind as to cause unrest or disturbance of business.

All of which developments have worked together to bring about better bond market conditions. Improvement has not been anything remarkable as yet, but the turn seems to have been reached at last and bond houses again feel that when they have bonds to sell there *are* investors and institutions to buy them. Return of easy money conditions will mean a strong and active market in bonds.

MPORTANT R. R. FINANCING.

BELATED railroad financing on an enormous scale marked the closing months of 1909. Finance managers had hardly expected that they would have to announce their demands to a money market in which time-funds were held firmly at five per cent., but the end of the year found them unable to wait longer with their plans and under the absolute necessity of bringing out the issues under conditions as they found them. Most of the actual paying for the bonds does not, of course, take place for several months, but even at that,

last November and December were hardly months which would have been chosen as a favorable time in which to announce arrangements for borrowing big sums of money.

In addition to miscellaneous borrowing aggregating a large amount, several issues stand out prominently in the recent financing: Pennsylvania has come into the market for $80,000,000, that amount of new stock being offered to shareholders; New York Central and Chicago & Northwestern are each increasing their share capital by $45,000,000; Missouri Pacific has authorized $175,000,000 of new bonds, of which $30,000,000 have been underwritten by a syndicate headed by Kuhn, Loeb & Co.; New York, New Haven & Hartford is increasing its capital by an issue of $50,000,000 of new stock.

Chicago, Milwaukee & St. Paul has issued, and sold to a strong syndicate, $25,000,000 of its general mortgage fours.

Pennsylvania's Issue.

Pennsylvania's issue is the largest of the year, but to a greater degree than any of the others is being made for refunding purposes. There are, in fact, $60,000,000 of five per cent. notes due on March 15, as well as $20,000,000 of general mortgage six per cent. bonds, maturing July 1, these two issues in themselves being thus enough to absorb all the new cash raised. All improvements to the property, including the completion of the New York tunnel extension and any equipment that the company may require during 1910, it is announced, will be paid out of surplus income and the funds now in the treasury of the company.

Pennsylvania's new stock issue, in the last analysis, is after all a refunding operation, pure and simple—the carrying to completion of a plan to increase the road's capital. That was to have been done several years ago, but conditions were too unfavorable for the sale of stock. However, the road needed the money and proceeded to raise it by selling $60,000,000 of five per cent. short-term notes, which operation served to bridge over a very bad time. But with the maturity of the notes, times have changed very much for the better, and the Pennsylvania considers itself in a position to go ahead with its delayed financing plans. So the temporary borrowing of $60,000,000 is to be converted into regular share capital. Which is a consideration of importance in forming a judgment as to the financing the road is doing, criticised as its management has been for converting so large an amount of bonds into stock. Coming right down to facts, one-quarter of the new issue only is to be made for that purpose, the $60,000,000 of notes being in no sense a fixed obligation, but representing merely the road's expedient for increasing its share capital at a time when the actual issue of stock was impractical.

New York Central's Issue.

New York Central's issue of forty-five millions of new stock is less of a refunding operation than Pennsyl-

vania's, and yet of the new cash $25,000,000 will go to pay off five per cent. notes due on February 1. Announcement is made that the rest will be used as follows: $8,000,000 for equipment, curve elimination, signal improvement and grade revision on the lines of the system east of Buffalo; $6,000,000 for electrifying the Harlem Division to White Plains, four-tracking the Hudson River Division between New York and Albany, electrifying the line between High Bridge and Croton, two-tracking the Rome, Watertown & Ogdensburg and the Pennsylvania Divisions, $1,000,000 for additions to shops; $5,000,000 toward completing the improvements on the Grand Central Station, New York City.

Chicago-Northwestern's Issue.

Chicago-Northwestern's issue is less of a refunding scheme than any of the others. Up in Wisconsin, Iowa, and South Dakota, the road is planning extensions aggregating very nearly 500 miles, to pay for which is the real purpose of the new stock issue. No one who has studied Chicago & Northwestern's history has much doubt as to the road's ability to make this new capital productive. Far from being over, the era of expansion in the Northwest is still in full swing, and is being taken advantage of by all of "Northwest's" many competitors. The raising of this new capital represents simply the determination of the road's directors to put their property on an equal footing with the others.

New Haven's New Capital Requirements.

New Haven's issue, like New York Central's, is partly to pay off maturing notes and partly to pay for improvements. New Haven has $20,000,000 of notes maturing, which leaves $30,000,000 to be put back into the property. Just how the money will be spent cannot be positively stated, but the suburban extensions near New York in connection with the Boston & Westchester, which involve a good deal of building in Westchester County, suggest that much of the cash will be needed there.

Missouri Pacific's Financing.

All the other issues mentioned have been stock—Missouri Pacific's is bonds. Paying no dividend and just emerging from a critical period, there would have been no chance whatever for the road to raise the cash it so much needed, by means of increasing its share capital. But bonds are different, especially convertible bonds, which afford greater security to those who buy them and which yet give them a call on the stock. Mortgage bonds, therefore, convertible dollar for dollar into stock, is the form which Missouri Pacific's financing has taken.

Mention was made, in the Investment Department of the November issue, of the rehabilitation of the Gould System and its bright prospects could only the much-needed ready money be raised. That problem appears now to have been solved, not so much by the fact that a comprehensive re-financing plan, involving the authorization of $175,000,000 of new bonds has been evolved, as by the fact that the very strongest of banking interests have come forward and agreed to put up the money. George Gould's success in working out his plan and getting $30,000,000 of his bonds underwritten at once was as nothing compared to George Gould's success in getting such a firm as Kuhn, Loeb & Co. to do the underwriting.

Sale of Denver & Rio Grande's (another Gould property) refunding five

per cent. bonds abroad, in large quantity, showed which way the wind was blowing, and suggested the strong foreign financial aid for the Goulds now plainly shown by Kuhn, Loeb & Co.'s purchase of the new Missouri Pacific convertible fives. The Gould System has come through a stormy time, but with such backing its money difficulties seem about to be cleared away. As to earning power, no one has ever doubted the ability of such properties as St. Louis, Iron Mountain & Southern or Missouri Pacific, efficiently managed, to show entirely satisfactory earnings on their capitalization. And, if these roads from now on show steadily bettering results, it will not be the first time that the advent of strong financial interests into a run-down railroad property has been followed by greatly increased operating efficiency.

ST. PAUL'S SALE OF BONDS.

ST. PAUL'S issue of $25,000,000 of general mortgage fours will do little more than provide the money necessary to pay off the road's various divisional bonds maturing on Jan. 1, and which amount to $22,000,000. The real interest in the issue lies, rather, in the fact that the road chose to put out its general fours instead of its debenture fours, by the sale of which its last financing was done. For the last debentures it sold, however, St. Paul received only about ninety-three and one-half. Possibly this had a good deal to do with influencing the directors to issue mortgage bonds instead of debentures this time, the bonds recently sold commanding a price of well above par.

AN IMPORTANT MOVEMENT OF CAPITAL.

BECAUSE of its bearing on Europe's attitude toward American securities during the coming year, the question as to whether the foreign investors have been increasing or reducing their holdings of our bonds has been much discussed of late.

The question is a big one, and an important one, and to discuss it fully would require a great amount of space, but there is one important point which can easily be brought out. For the past few months there has been a remarkable transferring movement in progress by which foreign banking capital in the American market has been shifted in vast amounts from floating into more or less fixed obligations. In other words, short loans of foreign money here have been greatly reduced and a good part of the capital which had been employed in them has been put back into our long-term securities.

Neither statement is likely to be questioned by any one who has been in close touch with the international money market during the closing months of last year and who has watched the almost unheard-of course of the foreign exchange market. Driven up to the gold export point and held there for weeks, the exchange market has evidenced unmistakably the reduction on a heavy scale of the unreasonably large amount of foreign loans made in this market all through last summer. There has been a constant and at times absolutely urgent demand for drafts with which to pay off these loans, a demand which has driven millions and millions of dollars' worth of gold out of the country at a time

when the gold should have been coming this way.

Fortunately for us, much of this foreign money which has been withdrawn from the short-loan market here has been put back into the new stock and bond issues created with so liberal a hand. Germany's purchases of the new Denver & Rio Grande bonds, of the St. Louis & San Francisco general lien fives and of other like issues have been openly made and are typical of what has been going on in other directions. English bankers, largely on account of the unsettlement prevailing at home, have been heavy participants in every large recent syndicate.

The foreign bankers have been unwilling to let us have their money to speculate with, but have been putting plenty of it into the new securities representing the business enterprise and development of the country.

COMMON SENSE IN INVESTMENT.

THE day of the strongbox is over. With the development of our modern business life it has come about that the possession of money has in itself become a powerful influence toward the acquisition of more money. With countless opportunities on every hand for the safe and profitable employment of wealth, idle money has come to be regarded rather as a reflection upon its owner than as an ornament. To himself and to his family a man owes it that whatever money he has be invested to the fullest possible advantage. The servant who tremblingly wrapped up his talent and hid it away in a napkin found but little favor in the eyes of his fellows.

Looking at the matter from the standpoint of the prospective investor there are, broadly speaking, six classes of security investments into which he can put his money. Of bonds there are three classes: first, government, State, and municipal bonds and the first-mortgage issues of the big railroads; second, high-grade corporation bonds, well-secured, but not a first mortgage; third, debenture bonds, "convertibles," and all the large class of bonds which while safe enough if carefully selected, are nevertheless something of a speculation and are apt to fluctuate widely. Of stocks, the three classes are: first, the preferred issues of many of the big railroads and a few of the best industrials whose dividends are being earned many times over; second, the established dividend-paying stocks of the country's leading railroads and industrial companies; third, the low-priced, non-dividend payers, whose value lies entirely in voting power or hope of future development.

Into which of these classes will the cautious put his savings? That depends on what his savings are. If by rigid economy he is able to save just a little surplus over his expenses, obviously he is not going to take the same chances with that hard-earned cash that a man will be willing to take whose income is twice what he needs to live on. *He* may be able to put his money into speculative securities and if they depreciate, little harm is done. But for a man whose fortune is growing slowly out of his savings, absolute safety is the first consideration—all the income obtainable and every possible chance of increase

in the principal, but absolute security before all.

Safeguarding Principles.

Having made up his mind as to the kind of security into which he wants to put his money, the investor is confronted with the question of whether to buy at once or to wait for a more favorable opportunity. Obviously, only the most general rules can be applied and yet there are two or three important principles, the observance of which will result in the saving of a good deal of money.

In the first place, where the question is of investment in high grade bonds, it is well to bear in mind that a long period of low-money rates tends to put the price of this class of security away up, and that if high-grade bonds are bought at or near the end of one of these cheap-money periods, the price paid is liable to be the highest that will be seen in a long time.

The same principle applies to the highest grade of investment stocks, but where the question is of speculative issues it works the other way around. Cheap money usually means that business is poor, and when business is poor, speculative stocks are not apt to be very high. In fact, for profitable investment in this kind of security, it would be hard to find a better time than just before a long period of cheap money brought about by stagnant business conditions gives way to a time of higher rates.

The mortgage bonds of roads which have big holdings of real estate are apt to be particularly safe, especially when the real estate happens to consist all or in large part of terminal property in big cities. Terminal property is becoming more and more valuable all the time, as our cities grow, and where a road owns a good block of real estate in one or more large towns, its mortgage bonds are apt to be pretty well secured. The best illustration of how this works is before the public at present in the case of the Chicago Terminal and Transfer Co. As long as the company maintained its struggle, its four per cent. first mortgage bonds were worth only around eighty. But when the company defaulted on its bond interest and the question arose of the selling of the property to pay off the bond holders, the bonds promptly sold up to par. It was realized at once that the concern owned real estate worth more than enough to pay off its first mortgage.

Another principle that the shrewd investor will observe in buying mortgage bonds which are not a lien on the whole property but only on some branch of the road, is to select a bond secured on some part of the system which is vital to the operation of the whole. The case, then, is the same as though you had a mortgage on the most important link of some other man's chain. And as our railroads have grown there are any number of these so-called "divisional" mortgage bonds which have become just as good as a mortgage on the whole business. In the early days when a road wanted to build a spur out to some

town it sold bonds to pay for the cost of the extension. If the road afterward failed, the mortgage feature of these bonds amounted to almost nothing. But where the road did not fail, these extensions in unnumbered cases became connecting links between big systems, and as the consolidation idea progressed, became just as important as the main line.

Complete reports of practically all the important railroads and industrial companies are obtainable by application at the companies' offices—where full reports are not given out it is well for the investor to be wary unless he has individual information as to what is going on. Nor should the immense volume of statistics usually presented in one of these reports discourage him in his idea of finding out what he wants to know, or deter him from making a thorough examination. There are two items especially important to get at: How do the company's net earnings compare with those of the past two or three years and how much money is being charged off for depreciation and maintenance?

Different Kinds of Investment Securities.

While it does not by any means follow that the wise thing for an investor to do is to put all his surplus into one class of security, it is nevertheless true that as a basis to start from, the man who has money to invest will do well to consider carefully the kind of investment that his financial position warrants. The following is a rough outline of the classes of investment securities mentioned earlier in this article in their reasonable relation to different classes of investors.

The Highest Grade of Bonds.

Suitable chiefly for persons of large means, whose income on a 3 1-2 to 4 per cent. basis is ample, and who do not wish to be required to give their investments their personal attention.

The Second Grade of Bonds.

A good investment for the very large class of people whose business returns them a small surplus over their expenses and who want to make their money earn all the income possible without taking any risk on the depreciation of the principal.

Bonds of this kind should also appeal to people who have to support themselves on the income of a moderate principal. Their capital being small, it is essential that it be made to yield all the income possible; and yet the dependence of the investor on this income makes it imperative that no risk of the infraction of the principal be taken.

Speculative Bonds, Convertibles, etc.

This is a class of security which appeals strongly to the business or professional man whose income is very much larger than his needs, and who, while realizing the profit-possibilities of investing in good stock, dislikes to take the risk. Debenture (non-mortgage) bonds come the closest to giving him the chance to make his principal grow without much danger. Of this class of bonds the convertible issues have become by far the most popular during the past two or three years. The convertible bond of a good railroad, for instance, is a bond out-and-out, and comes ahead of dividends on the preferred or common stock. At the same time, a convertible bond, being exchangeable for stock, goes up as the stock goes up. In a proposition of this kind the investor has all the better of the argument. As a matter of fact, the leading convertible issues are products of the financial disorder of the past few

years where the corporations' need has been the investors' opportunity.

THE BEST CLASS OF PREFERRED STOCKS.

Investors who want an assured income but who are willing to take a chance on fluctuations turn naturally to this class of security. The preferred stocks of many of our leading railroads are surer of their dividends than many good bonds, but the fact that they are stocks and not obligations makes them fluctuate widely. For a man who has his family safely provided for, and has an income larger than his needs, investment in these preferred stocks offers not only a chance to largely increase his income but to enhance his principal as well.

THE ORDINARY RUN OF DIVIDEND-PAYING STOCKS.

This is the class of security in which by far the greatest number of investors are interested. Union Pacific, New York Central, Amalgamated Copper, Steel Common,—it is hard indeed to state to just what class of investors these stocks should appeal. That all kinds of people buy them, and among them many who ought never to touch this kind of security, is well-known. And yet, where the stock in question is one which fluctuates widely and is continually changing its dividend, as most of our leading stocks do, there is just one class of investor by whom it should rightly be bought.

And that class of investor is the one who has surplus money—surplus money in every sense of the term—money on which neither the owner nor anyone dependent upon him depends.

THE LITTLE COMMON STOCKS.

It is a good deal of a question whether this kind of security can be called an investment at all—in ninety-nine cases out of a hundred their purchase even for cash is an out-and-out speculation. But there is a class of people, a small one, who can and do profitably invest money in these stocks. These are the people who have really made a study of the properties and who are able to form correct estimates of possible future growth. That there is value in many of the low-priced non-dividend payers, the "pups" as the Street loves to call them, is shown by the frequency with which one or another of them leaves the ranks and goes marching up by itself to a different level. And some people, a very few, have the ability and disposition to figure out which of the "pups" are permanently stunted and which have a chance to grow, and by judicious investment make big returns on their money.

THE VIRTUE OF PATIENCE.

As a last word it may be said that in no field of human endeavor are patience and the courage of one's convictions more important than in the profitable investment of money in securities. More money has been lost by buyers of stocks and bonds by reason of impatience and doubt as to their own judgment than for any other reason. The man who is

continually shifting from one thing to another is the man who continuously manages to buy the top of the market. It is the man with the courage of his convictions who draws the income his money yields and finds after a few years that he has ten, twenty, or thirty points' profit in the securities he has bought and held.

ARE STOCKS "INVESTMENTS."

THE much-debated point as to whether shares in corporations are in the fullest sense of the word "investments," is thus treated in a little booklet about the investment function of trust companies, put out by the Union Trust Company of Philadelphia.

"To come within the real meaning of the term 'investment'," says the booklet, "whatever the title may be given to the certificate of ownership, the thing itself must possess those features that in all human probability will yield the owner his full principal and continuously produce adequate income thereon.

"An owner of stock in a corporation, therefore, has not, in the fullest sense, an 'investment'; for stock represents only ownership participation in assets and profit, and its value necessarily depends upon the progress of the business. It is true that there are guaranteed stocks and preferred stocks of some corporations that possess, by reason of these guarantees or common stock equities following them, some of the features found in bonds, and, therefore, have come to be regarded by reason of their stability as investments. But speaking correctly, an ownership of stock should not be regarded as an investment."

The same little book gives in succinct form the reason for the establishment of bond departments by banks and trust companies all over the country and points out the investment facilities such companies can afford to their clients. The latter point appears to be particularly well made, as follows:

"Some trust companies maintain an investment department and deal in securities, and where this has been done on a broad scale the records seem to indicate that these particular companies have successfully accomplished the purpose.

"Generally speaking, trust companies do not act in the capacity of dealers in securities; however, as all trust companies are large investors, it follows that they are possessed of information that is extremely valuable, and the experience and statistics gathered through the long period of years put them in a position where they can counsel their customers and thereby be of great service to them.

"It is also a fact, as trust companies invest extensively, they are enabled to secure investments on most favorable terms, and often this advantage can, from time to time, be shared with their customers.

"The greatest assistance the trust company is able to give its customers is advice and information with regard to all matters of investment, and the customer of a trust company who fails to seek this advice frequently has cause to regret it."

DISTRIBUTION OF SHARE CAPITAL.

IN view of discussion as to the distribution of the share capital of leading American railroads, a statement recently compiled by the Pennsylvania railroad is of interest. Of Pennsylvania's 55,270 stockholders, 16,812 live

in Pennsylvania, 8,648 in New York State, 12,000 in New England, and 9,530 are scattered throughout the country. About eighteen per cent. of the entire capital stock is held abroad, there being 8,726 shareholders in foreign countries.

Average holdings of stockholders in New York were 236, as against an average in Pennsylvania of only ninety-six, a fact probably accounted for by the concentration of large amounts of the shares among a few large brokerage houses in New York City.

POPULAR BONDS.

CHESAPEAKE & OHIO GENERAL FUNDING AND IMPROVEMENT 5s.

WHEN the railroad history of 1909 shall come to be written, it will be found that of all the important happenings of the year none was more important than the great combination of railroads now known as the Hawley System. Edwin Hawley had control of railroads prior to 1909—four or five of them—but they were neither of first rate importance nor were they connected one with the other. It was only in the year just closed that acquisition of Chesapeake & Ohio, Missouri, Kansas & Texas and St. Louis & San Francisco brought Edwin Hawley into the foreground as one of the leading figures in American railway finance.

It is with the newly created issue of general 5 per cent. bonds of the most important road in the Hawley System, Chesapeake & Ohio, that this article has to do. Authorized last February and issued to the extent of $11,000,000 out of an authorization of $30,000,000, these bonds have found quick favor with investors.

Between 1898 and 1909 Chesapeake & Ohio paid a dividend of exactly 1 per cent. annually. Year after year actual earnings ran to figures which would have warranted a higher rate of distribution but always there was present the need of using earnings to pay off maturing equipment trust bonds. Between 1904 and 1909 payments of this kind out of earnings—payments properly chargeable to capital account—averaged $900,000 a year.

It was this financing problem which during all the long period since 1898 kept the Chesapeake & Ohio directors from raising the dividend. Realization of the value of the property was not general. The common stock sold around 40 and the road's credit was not particularly good—not good enough, in the opinion of its owners, for the floating of more bonds and the financing of the company's capital needs. So the dividend was kept down to 1 per cent., and earnings really belonging to the stockholders were turned back into the property.

Just a year ago this month the coup by which Edwin Hawley and his associates got control of the Chesapeake was

consummated and immediately there took place a radical change in the policy of managing the property. Announcement was made at once that the payment of legitimately earned dividends into capital account would be discontinued and that as soon as a comprehensive re-financing scheme could be put through, shareholders would begin to receive the dividends to which the road's earnings entitled them. In a very short time and with all the energy with which Mr. Hawley conducts the affairs of his properties, such a plan was formulated, $30,000,000 of new "general and improvement" bonds being authorized. Of these, $11,000,000 were issued at once and offered for public subscription.

The immediate success of the issue entirely justified Mr. Hawley's estimate that the public fully appreciated what Chesapeake's possibilities would be when once its finances had been arranged with a firm hand. Offered at 98, the bonds at once went to a premium of several points. Overnight the two houses who backed the issue sold out every bond they had. That a new era had dawned for Chesapeake & Ohio and that the chance to buy its 5 per cent. bonds around par was too good to be missed seemed to be very generally realized.

Security of the Bonds.

It is not in their mortgage feature that the bonds are especially attractive—ahead of them coming $27,858,000 of 1st 5s, $44,413,000 of general 4 1-2s, and a large amount of other underlying and guaranteed bonds—but rather in the great earning power of the road. Progress made since 1904, when net earnings amounted to $6,000,000, has been exceedingly rapid, as shown in the accompanying table.

From the foregoing figures it will appear how great a margin has existed right along between the road's total net income and its requirements for fixed charges. Even in the fiscal year 1908, which includes the panic time, the surplus available for dividends amounted to $2,784,387, very nearly twice as much as the amount necessary to pay the 5 per cent. interest on the whole $30,000,000 of general and improvement 5s.

Outlook for Earnings.

Improvement in earnings of Chesapeake & Ohio has been steady and rapid, but in view of the combination of roads of which the Chesapeake has been made the backbone, earnings will make an even better showing from now on. So rapidly has been effected the combination of the various Hawley properties that people have only just begun to realize the importance of what has been taking place.

The main lines of the Hawley System as it now exists run from Newport News and Norfolk on the East to Cincinnati on the West, north-and-south from Chicago down to Galveston on the Gulf of Mexico, and from there westward to Birmingham, Ala. Connections, it is true, are not all complete—there is

	Net earnings	Total net income	Int. on bonds	Bal. for div.	Equivalent on stock
1904..........	$5,999,485	$6,168,756	$3,674,796	$1,944,511	3.10
1905..........	6,959,760	7,137,047	3,744,349	2,871,639	4.57
1906..........	9,163,486	9,367,839	3,976,448	4,607,223	7.34
1907..........	8,412,131	8,656,491	4,234,820	3,392,999	5.40
1908..........	7,865,464	8,628,296	4,168,603	2,784,387	4.43
1909..........	9,462,281	10,171,144	4,456,085	4,012,128	6.39

a gap, for instance, between Cincinnati, where the Chesapeake & Ohio ends, and Chicago, where the Chicago & Alton begins. But in between these points is the Chicago, Cincinnati & Louisville, a road whose control is already believed to have passed to Mr. Hawley and which in any case is bound eventually to fall into his hands. No secret is made of Mr. Hawley's plans for connecting Chesapeake & Ohio with Chicago and thus forming a continuous route westward from the Atlantic to the Great Lakes and southward from the Great Lakes to the Gulf of Mexico.

Chesapeake & Ohio's Position in the Combination.

Considering that the sole connection of the great western part of the System (the lines of which reach Chicago, St. Louis and Kansas City) will be the Chesapeake & Ohio, it will readily appear how the earning power of that road is likely to be increased. Furthermore the physical condition of the property is such as to make it able to take care of a largely increased volume of traffic. All through the long period of 1 per cent. dividends great quantities of money were being put back into the road with the result that it is now in as good condition as any railroad operating in that section of the country.

This is a consideration of great importance in view of the fact that the opening up of western connections will lift the Chesapeake up from the level of a coal road, prosperous but local, to the level of a through line of very great importance. Freight coming from abroad and bound for the big cities of the Middle West will be brought in increasing volume to Norfolk and routed over the Chesapeake and its western connections. Grain and cotton traffic, on the other hand, originating in that section of the country, is bound to be diverted largely from the big systems of the North and to pass over the shorter and easier route afforded by the lines of the new system. Chesapeake & Ohio's western terminal will be the funnel into which this westbound traffic will be concentrated.

All of which is not as far away from the subject as it may seem, but has a most important bearing on the standing of these new bonds. Chesapeake & Ohio, as a soft-coal road running from the West Virginia fields down to tidewater, is a very different proposition from Chesapeake & Ohio, the main line of a system connecting the biggest cities of the Middle West with the Atlantic Coast. Realization of that fact is apt to result in realization that Chesapeake's bonds are in a position now very different from what they used to be in. Further issues of these general and improvement 5s will probably show that investors appreciate that fact.

ARE INTEREST RATES RISING?

Gold production and rising commodity prices have been alluded to a number of times in this Department in relation to their influence on the price of investments. That the question is a highly practical one and one to which the leading bond men are giving serious attention is evidenced by the following, taken from a circular recently sent out by Messrs. Fisk & Robinson:

The bond market for the past six months has been such as to make it extremely difficult to forecast with any degree of certainty the future trend of prices. The

question, "What do you think of the bond market?" is as difficult to meet with a satisfactory answer now as it has been at any time during this period. Looking back over the past ten years, we find each successive wave of high prices falls below the previous one. This has been particularly pronounced in issues of the highest grade. Since 1897 the highest prices have been reached in 1900, in 1905 and in January, 1909. In 1900, issues such as New York City bonds, Chicago & Northwestern 3½s, New York Central 3½s, Lake Shore 3½s, etc., sold at prices to yield on the average about 3.20 per cent; in 1905, the highest average prices were about a 3.60 per cent. basis, and in 1909 about a 3.85 per cent. basis.

This tendency towards lower prices in bonds bearing a fixed rate of interest, where the security of the principal is unquestioned, has been brought about by a number of economic conditions, among them being the higher prices for practically all commodities; a high scale of wages, and the generally increased extravagance, which amounts almost to profligacy at the present time, all of which seem to have more than offset the effect of the increased production of gold the world over, the result being that money is expected to earn a higher yield. This is clearly shown in the depreciation in the value of fixed interest-bearing securities and the higher rates that borrowers have to pay in negotiating long-time loans. Five per cent. bonds and even six per cent. issues are now purchased by the conservative investor, who a few years ago would have looked with suspicion upon a bond yielding over 4½ per cent. In our following offerings of investment bonds we have included several issues which we regard as well secured and which at the same time meet the demand for bonds yielding over five per cent.

NEW GOULD AFFILIATIONS.

FLIPPANT remarks upon the occasion of Cornelius Vanderbilt's entrance into Missouri Pacific to the effect that the directorate of that road would soon read like a page from the "Social Register", in nowise change the fact that George Gould is drawing around him some very strong men. Possessing nothing like the wealth of some of the others in his family, Cornelius Vanderbilt is nevertheless a decidedly strengthening factor on the Missouri Pacific board, his experience in railroading being practical and his knowledge acquired by actual close contact with the affairs of the great New York Central system.

Kuhn, Loeb & Co.'s underwriting of the $30,000,000 of new Missouri Pacific convertible 5s is another illustration of how Mr. Gould has come to realize the necessity of real backing and has set out to get it. These are the days when railroad supremacy and banking affiliations are very closely allied.

CONGRESS AND THE GOVERNMENT TWOS.

THE question of the interest rate on government bonds and the duty of the Government in the matter is very clearly discussed as follows in a circular issued by the National City Bank:

The session of Congress bids fair to be an unusually interesting one. It will consider several legislative problems of far reaching importance, one of the most perplexing of which relates to the treatment to be accorded United States bonds in circulation accounts. The necessity for Congressional action relative to United States bonds grows out of the defective provisions in the Tariff Act of August 5, 1909, authorizing $290,569.000 Panama bonds to bear not exceeding three per cent. per annum. In failing to make such readjustment in the Tariff Bill, Congress lost sight of the obligation to protect as a matter of good faith and good policy, the $731,000,000 two per cent. bonds now outstanding. These bonds

subject circulation to a tax of one-half of one per cent. per annum, and have always been thus favored in circulation accounts, all other bonds subjecting circulation to a tax of one per cent. per annum. The lower rate was established by the Act of March 14, 1900, in order to facilitate and make attractive the refunding provisions of that law. Banks and other holders of $646,250,150 United States three, four and five per cent. bonds under such inducement exchanged them for a like amount of two per cents. at a net profit to the Treasury of $16,551,037.54. There have also been issued $84,631,980 Panama twos at premiums aggregating $2,677,614.83.

It is freely conceded in government circles that it would now be unfair and practically a violation of contract to issue higher interest bearing bonds without making provision to protect the twos issued under the conditions described. The bonds now authorized would subject circulation to a tax of one per cent., but if issued as threes the difference in interest rates would give them an advantage of one-half of one per cent. per annum in circulation accounts. The twos then, to find a point of parity, would naturally decline below par. Already the bid price for these bonds has fallen below par, and some actual sales of Panama twos have been made at 99⅞, while the Consols of 1930 have been rather freely traded in at prices around 100 to 100⅛. It has not been so long ago that banks bought heavily of these bonds at as high as 110. Their values were inflated by the uses to which the bonds could be put by the banks as compared with other United States bonds. To remove the incentive for such use, or to impair such use by subsequent legislation is surely not contemplated. How to avoid the discrimination and at the same time insure a market for the new bonds, is the very serious and complex problem which Congress must solve early in the session. It is believed the circulation tax on the new bonds will be fixed at one and one-half per cent. per annum. This rate would put them at par on a parity with a two per cent. bond at par, and it would likely make the threes unattractive as circulation bonds. The market for them would be an investment one to a large extent, and authorities believe there would be a good investment demand for a three per cent. government bond.

ODD LOT TRADING.

By Gardiner S. Dresser, of John Muir & Co., New York.

THE other day, a broker's office boy was sent out on an errand for an opera-loving customer. He was told to go to the stand in the building and buy —here the customer wrote out a memorandum—"Libretto, La Gioconda." In a few minutes the boy returned. He had tried the stand in the corridor and the United Cigar Store on the corner, but neither kept that particular brand. Was it a straight Havana, or a Key West?

A similar *faux pas* might once have been made by the casual reader of the financial press in regard to the term "odd lots," supposing it to mean something to be found only in auction rooms or second-hand establishments. Now, through the extensive advertising campaign of several Stock Exchange houses, even the least initiated understands by "odd lots" any quantity of stock less than one hundred shares. Through the same agency, the term has gained respectability, for, while the dealer in small parcels of stock was once wont to transact his business largely in bucket shops, he now trades in established houses, where ample capital and the regulations of the New York Stock Exchange protect his interests.

The service performed by these specialists in odd lots is commensurate with the importance which public participa-

tion in the stock market has attained. Appealing to the small investor and speculator, they give their accounts the attention elsewhere accorded to more wealthy clients. They provide in their customers' room all the literature bearing on financial topics, and by mail and telegraph send out information and advice of a high character. They willingly explain Wall Street methods to the beginner.

The more experienced trader, also, and the man of greater means find these specialists in odd lots helpful to them in their transactions. One can diversify his holdings better with odd lots than with one hundred-share lots, and can better average the cost price of his purchases. Conservatism, of course, is promoted where a large margin is made possible.

The specialists appeal to many through their ability to execute orders in odd lots at satisfactory prices. Nothing could be fairer than the guarantee to buy odd lots at the offered price of one hundred-share lots, and to sell them at the bid price. It is a mean man who would begrudge the odd lot dealer, through whom the odd lot broker executes his order on the exchange, the trifling profit he makes between the bid and offered prices, especially in view of the accommodations he gives. This dealer will buy or sell any quantity, regular like ten shares and fifty shares, or irregular like three shares or sixty-six shares; the customer does not have to wait until another customer wants to buy or sell a similar quantity. Furthermore, as long as anyone is bidding for or offering a single one hundred shares at a price, the dealer will buy or sell blocks of odd lots, ninety-nine shares included, at the same figure.

In all its aspects, the popularizing of trading on the New York Stock Exchange through odd lots is a healthy movement, and its growth will soon exert a decided influence on the financial markets.

INVESTMENT NEWS AND NOTES.

—An instance of a consolidated mortgage becoming a first mortgage through redemption of all prior lien bonds is to be found in the case of the Wilkesbarre Gas & Electric Co. consolidated (now first) mortgage fives being offered by Henry & West, Philadelphia. Redemption of all underlying bonds recently completed leaves the mortgage under which the bonds offered are issued not only a first mortgage but the only mortgage on the property of the company.

Under the circumstances, and considering that the company in the last fiscal year earned seven per cent. on the outstanding $1,500,000 of stock, the fact that the bonds can still be had to net nearly five per cent. makes them an investment worth looking into.

—Water bonds of the very highest grade are the Altoona, Penn., Water Works fours being sold by Battles & Co., New York and Philadelphia. Due Jan. 1, 1939 and optional July 1, 1924, the bonds yield 3.75 per cent on the optional period and 3.85 per cent. if not redeemed before maturity.

The bonds of Altoona City are legal for trustees and executors in Pennsylvania, and for savings banks and trustees under the laws of Massachusetts, and Connecticut, by whom previous issues of bonds are now held. In the year 1910, on the publication of new census figures of population, they will automatically become legal also for savings banks of New York State.

—Bonds issued under an absolute first and closed mortgage on an industrial plant representing a value of many times the amount of the mortgage, are the C. Pardee Works first fives which Messrs. Fanshawe, Cadwalader & Co. of Philadelphia are offering.

The works are situated at Perth Amboy, N. J., and own 100 acres of land in fee, situated on the Raritan river, with sidings of the Central Railroad of New Jersey, Lehigh Valley R. R. and Pennsylvania R. R. on the property. The land of the C. Pardee Works is conservatively estimated at over $3,000 per acre for building purposes alone.

There has been erected on this land four open hearth furnaces, a blooming mill, a rolling mill, a shafting plant and a tile plant, all of modern equipment and costing over $1,200,000.

—Two interesting issues being sold by Messrs. Wurts, Dulles & Co., Philadelphia,

the former alone and the latter in connection with Spencer Trask & Co., are the Chattanooga Railway & Light Co. first and ref. fives, and the Johnstown Passenger Railway refunding fours.

The first and refunding mortgage five per cent. gold bonds of the Chattanooga Railway & Light Company, dated August 1, 1909, due May 1, 1956, are secured by a first mortgage on the entire property, rights, franchises and equipment of the company, now owned, or hereafter acquired, subject to $2,790,000 bonds outstanding secured by liens (closed mortgages) which cover only that part of the property formerly owned by the predecessor railways company, and for the retirement of which sufficient of these bonds are reserved. These bonds are, therefore, a first lien upon all the property of the predecessor electric company and their present issue is limited to the amount necessary to provide for the retirement of previous existing bonds upon that property and for improvements now in progress.

The authorized issue of Johnstown Passenger Railway Co. refunding fours amounts to $2,000,000 of which $1,601,000 are outstanding, the other $399,000 being reserved to retire a like amount of consolidated mortgage four per cent. bonds due in 1929. The bonds now being offered include $229,000 issued to retire that amount of first sixes due in 1910.

—Of the many analyses of Pennsylvania Railroad which have recently come to hand, the one issued by Chas. C. Harrison, Jr., & Co., Philadelphia, seems to deal the most clearly with the possibilities of the New York terminal enterprise. "It is estimated," says this analysis, "that the passenger traffic through the New York terminals will amount to at least 30,000,000 passengers per annum, and if the railroad should charge an additional fare of ten cents per passenger it is easy to see how substantially its revenue will in this manner be at once increased.

Apart from this there are other essential features of this New York enterprise standing out clearly, among which we would particularly mention: (1) The tremendous traffic possibilities, both freight and passenger, of New York City and its environs as indicated by the immense sums spent and about to be spent in developing this traffic not only by the Pennsylvania Railroad but by the Hudson Companies and by the New York Central. (2) The fact that the Pennsylvania system is the only one which will extend over the entire territory of Greater New York and be in a position to develop the very great possibilities existing in Long Island. (3) The facilities which the Pennsylvania Railroad will now have, both passenger and freight, not merely between New York and southern and western points, but through New York to and from New England.

—An attractive little issue of bonds which may very possibly have been snapped up before this finds its way into print, are the Ardmore Street Railway Co. first fives being offered by Newburger, Henderson & Loeb.

The Ardmore Street Railway Company was taken over by the Consolidated Traction Company of Pittsburgh, on October 1, 1908, the Consolidated Traction Company having acquired all the stock and guaranteeing the principal and interest on $1,000,000, of these first mortgage five per cent. bonds, which are redeemable at 105 and interest.

As the bonds offered are endorsed for principal and interest by the Consolidated Traction Company of Pittsburgh, they are in fact a prior charge to the security of the Philadelphia Company consolidated mortgage fives, of which there are over $15,000,000 outstanding and for which the primary security are the preferred and common shares of the Consolidated Traction Company, the endorser of the bond offered.

—The tendency of New York investment houses to reach out into western territory for the good business constantly originating there, is again shown in the opening of a Chicago office by Messrs. Jas. H. Oliphant & Co. The new office is to be under the management of John Jay Bryant, Jr., formerly secretary of the Farwell Trust Co., Chicago.

—The weekly letter issued by E. B. Smith & Co., Philadelphia, classifies financial in-

formation in such a way as to make the letter very valuable to the man who wants to keep in close touch with the main points of the situation without spending too much time reading financial news. Bank-clearings, railroad earnings, business conditions, the money market, and finally the stock market, are all carefully treated under separate heads, the letter containing, too, investment suggestions of value. In a recent issue appeared the following commentary on Pennsylvania's new stock issue:

Much attention has been given to Pennsylvania Railroad stock. This stock is cheap at present quotations. The warrants for new stock have been sold freely by life insurance companies doing business in New York, which cannot take up new stocks because of the law prohibiting them from so doing; by estates and others. It should be borne in mind that the eighty millions of new stock do not impose a burden of securities upon the company, as the funds received from the sale of the stock take up an equal amount of outstanding notes and bonds.

They transfer a fixed obligation to a discretionary one and do not increase the total capitalization of the company. As a matter of fact, the considerable conversion of bonds that has taken place recently has slightly reduced the amount of capital obligation. The excellence of the condition of the Pennsylvania Railroad Company is not commonly realized. It is very far ahead of the average railroad in financial condition, equipment and business, and is just about in position to reap the full benefit from the enormous expenditures made during the past ten years.

—One of the issues which have been placed largely with foreign investors are the First Consolidated refunding mortgage fives of the Mahoning Railway & Light Co.

The bonds are part of a total authorized issue of $10,000,000, of which $3,996,000, including the present offering, are outstanding. After $406,000 more are issued all remaining must be reserved for retiring underlying bonds. The consolidated bonds are secured by the entire property subject to underlying liens. The property comprises 145 miles of urban and interurban electric railway in and about Youngstown, O., and Newcastle, Pa., and the lighting plants in those towns and Sharon, Pa.

For the year 1909 net earnings will approximate twice the amount of interest charges. The bonds are tax exempt in Pennsylvania and at the price offered yield approximately 5⅝ per cent.

—Another American bond in which the foreign investors seem to have a good deal of confidence are the St. Louis & San Francisco general lien fives, which sell around ninety. With the sale of another fresh block of these bonds to Speyer & Co. (the second this year) the total of the bonds recently purchased by that firm is brought up to about $43,000,000.

By far the greater part of these bonds have been sold abroad, most of them in France. Germany and Holland, however, have also participated largely, the Dutch investors particularly showing the eagerness to "salt away" these Frisco Fives which always mark their belief that a security is cheap. One of the best features about such purchases is that the bonds are actually absorbed. The Dutch investor takes time in making up his mind that a thing is cheap, but when once the decision is made and the security purchased, it is usually a long time before it comes on the market again.

—Indicative of the kind of bonds in which the first class investment houses are finding their customers interested, is a list of bonds suggested for investment in a letter recently sent out by Swartwout & Appenzellar, New York. All the bonds mentioned, it will be seen, yield a fair rate of income, and all of them are of a class in which a fair amount of fluctuation is reasonably to be expected. The list is as follows:

Union Pacific convertible four per cent.; Norfolk & Western divisional four per cent.; United States Rubber six per cent.; Toledo Terminal 4½ per cent.; Missouri Pacific convertible five per cent.; Virginia Carolina Chemical first five per cent.; Southern Pacific convertible four per cent.; United States Steel sinking fund five per cent.; Atchison, Topeka & Santa Fe Short Line four per cent.; Atchison, Topeka & Santa Fe adjustment four per cent.

—Michigan State Telephone first mortgage gold fives are offered by Judson G. Wall & Sons, New York, at 100 and interest. These bonds are due February, 1924, and are in coupon form, although the principal of the bonds may be registered. The Michigan State Telephone succeeded in 1904 to the business of the Michigan Telephone Co. These bonds are secured by a first mortgage on the principal properties of the company, valued in excess of $15,000,000. Of the authorized issue only a little over $8,000,000 are outstanding; the rest can be only issued for 75 per cent. of the cost price of new property. The company owns a system practically covering the state of Michigan, and is connected with the entire country through favorable contracts with the American Telephone & Telegraph Co. At present the company is earning considerably over twice the interest on its bonds. Since the company's organization it has paid regularly six per cent. on the preferred, and lately six per cent. on the common, which stock sells above par.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to Dec 20, approximate yield as figured January 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
U. S. Gov., reg. 2s, 1930	101¼-101¾	....
U. S. Gov., reg. 3s, 1918	101¾-102¼	....
Panama Canal reg. 2s, 1936	100⅝-101	....
Dist. of Columbia 3-65s, 1924	105½-107	3.00
Alabama 4s, 1956	103 -105	3.77
Georgia 4½s, 1915	103½-105	3.70
Louisiana, new cons. 4s, 1914	96 -100	4.00
Massachusetts 3½s, 1940	96 - 97½	3.70
New York State 3s, 1959	102 -102¾	2.90
North Carolina cons. 4s, 1910	99¾-100	4.00
South Carolina 4½s, 1933	102 -104	4.20
Tennessee New set'nt 3s, 1913	95½- 96½	3.85
Virginia 6s B. B. C. 1871	54 - 56	....
Boston 3½s, 1929	96½- 97½	3.80
New York 4½s, 1957	109⅞-110¼	4.02
New York 4½s, 1917	103 -104	3.98
New York 4s, 1957	100⅜-100⅝	3.97
New York 4s, 1959	100¼-100½	3.98
New York 3½s, 1954	89¾- 90¼	3.95
New York 3½s, 1930	89¼- 90	3.96
New York 6s, 1910 (revenue)	102½-103⅛	3.85

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	98	98½	5.60
Am. Cig. B 4s, Mar. 15, '12	96¾	99	5.45
Am. Loco. 5s, Oct., '10	99½	100⅛	3.65
Atl. Coast L 5s, Mar., '10	100	100⅛	4.25
"Big Four" 5s, June, '11	100¼	101	4.30
B., R. & Pitts. Equip. 4½s	99½	101½	4.37
C., H. & D. 4s, July, '13	96¾	97	4.90
Del. & Hud. 4½s, July, '22	101⅞	102⅜	4.25
Int. R. T. 6s, May, '11	103¼	104	2.10
K. C. R. & L. 6s, Sept., '12	96½	97½	6.00
Lack. Steel 5s, Mar., '10	99¾	100	5.00
Louis. & N. 5s, Mar., '10	100	100⅜	2.75
Lake Shore 5s, Feb., '10	99⅝	100⅛	3.50
Maine Cent. 4s, Dec., '14	98	100	4.00
Mich. Cent. 5s, Feb., '10	99	100⅛	3.50
Minn. & St. L. 5s, Feb., '11	99⅛	99½	5.50
N. Y. Central 5s, Feb., '10	99⅞	100⅛	3.50
N.Y.C. Eq. Tr. 5s, Nov., '10	100⅜	100¾	4.15
N.Y.C. Eq. Tr. 5s, Nov., '12	100⅞	101¾	4.25
N.Y.C. Eq. Tr. 5s, Nov., '14	101½	103⅛	4.25
N.Y.C. Eq. Tr. 5s, Nov., '16	102⅛	104¼	4.25
N.Y.C. Eq. Tr. 5s, Nov., '19	102⅞	105⅞	4.25
N.Y.N.H.&H. 5s, Jan., '11	100½	101	4.89
N.Y.N.H.&H. 5s, Jan. 9, '12	101	101½	4.20
Norf. & West. 5s, May, '10	100⅛	100½	4.60
No. American 5s, May, '12	99½	100	5.00
Penn. R. R. 5s, Mar. 15, '10	100⅛	101⅝	4.60
St. Louis, Brownsville & Mex. 5s, Nov., '10	100		5 basis
St. L. & S. F. 5s, Jan., '11	99	99½	5.50
St. L. & S. F. 4½s, Feb., '12	95⅞	96⅝	5.37
Southern Ry. 5s, Feb., '10	99¾	100	5.00
Tidewater 6s, June, '13	101½	102	5.40
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14	99	100	5.00
Wabash 4½s, May, '10	99¼	99¾	5.25
Westinghouse 6s, Aug., '10	100⅜	100¾	5.45

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	5	9
Atlanta & West Point	155	...
Atlantic Coast Line of Conn.	325	335
Buffalo & Susquehanna	25	28
Central New England	12	15
Central New England, pref.	18	24
Chicago, Indianapolis & Louisville	52	56
Chicago, Ind. & Louisville, pref.	70	75
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. Orleans & Tex. Pac.	113	120
Cincin., N. O. & Tex. Pac., pref.	105	108
Cincinnati Northern	35	45
Cleveland, Akron & Columbus	68	75
Cleve., Cin., Chic. & St. L., pref.	105	109
Cripple Creek Central	28	32
Cripple Creek Central, pref.	48	52
Delaware	77	80
Des Moines & Ft. Dodge, pref.	80	85
Detroit & Mackinac	45	55
Detroit & Mackinac, pref.	90	95
Evansville & Terre Haute	55	63
Grand Rapids & Indiana	43	50
Green Bay & Western	85	90
Georgia, South. & Florida	31	38
Georgia, South. & Flor., 1st pref.	93	95
Georgia, South. & Flor., 2d pref.	73	77
Huntington & Broad Top	..	12
Huntington & Broad Top, pref.	20	22
Kansas City, Mexico & Orient	13	14½
Kansas City, Mex. & Orient, pref.	22	24
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref.	32	38
Maine Central	195	...
Maryland & Pennsylvania	20	25
Michigan Central	145	155
Mississippi Central	40	45
Pitts., Cin., Chic. & St. L., pref.	110	115
Pere Marquette	34	37
Pere Marquette, 1st pref.	65	69
Pere Marquette, 2d pref.	40	45
Pittsburgh, Shawmut & Northern	2	5
St. Louis, Rocky Mt. & Pac., pref.	45	55
Seaboard Company	26¼	27
Seaboard Co., 1st pref.	42	50
Seaboard Co., 2d pref.	46	47
Spokane & Inland Empire	45	55
Spokane & Inland Empire, pref.	70	80
Texas Central	35	40
Texas Central, pref.	72	75
Virginian	24	27
Western Pacific	28	33
Williamsport & North Branch	1	3
Writesville & Tennille	25	30

GUARANTEED STOCKS.

[Corrected to December 20.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 18 Wall St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So. R.R.)	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)	99	103
Boston & Lowell (B. & M.)	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.)	227	...
Boston & Providence (Old Colony)	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)	115	125
Cayuga & Susquehanna (D. L. & W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)	174	178
Cleveland & Pittsburg Betterment	100	104
Columbus & Xenia (Pa. R. R.)	200	206
Commercial Union (Com'l C. Co.)	110	120
Com'l Union of Me. (Com'l C. Co.)	110	...
Concord & Montreal (B. & M.)	170	...
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)	180	...
Delaware & Bound B. (Phila. & R.)	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	280	...

	Bid.	Asked.
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)	235	245
Erie & Pittsburg (Penn. R. R.)	150	160
Franklin Tel. Co. (West. Union)	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	257
Gold & Stock Tel. Co. (W. U.)	108	...
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	95
Inter. Ocean Telegraph (W. U.)	95	105
Illinois Cen. Leased Lines (Ill. Cen.)	99	102
Jackson, Lans. & Saginaw (M. C.)	90	95
Joliet & Chicago (Chic. & Al.)	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	79	81
K. C. St. L. & C. pfd. (Chic. & Al.)	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.)	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	184	...
Nashville & Decatur (L. & N.)	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.)	200	...
Ogden Mine R.R. (Cen. R.R. of N.J.)	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)	220	230
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C. R. I. & P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	124	128
Saratoga & Schnectady (D. & H.)	168	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	172	...
Twenty-third St. R. R. (M. S. R.)	...	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.)	250	254
Valley of New York (Del. L. & W.)	123	128
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (Del. Lack. & W.)	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to December 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	61	68
Bway Surf Ry 1st 5s	1924	J&J	102	104
Bway & 7th Av stock	....	....	140	145
Bway & 7th Av Con 5s	1943	J&J	102	105
Bway & 7th Av 2d 5s	1914	J&N	100	101
Col & 9th Av 1st 5s	1993	M&S	97	100
Christopher & 10th St	......	Q J	80	90
Dry Dk E B & Bat 5s	1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	48	52
42d St M & St N Av 6s	1910	M&S	99½	100½
Lex Av & Pav Fy 5s	1922	M&S	87	93
Second Av Ry stock	....	....	15	18
Second Av Ry 1st 5s	1909	M&N	97½	99
Second Av Ry Cons 5s	1948	F&A	74	77
Sixth Av Ry stock	....	....	110	125
South Ferry Ry 1st 5s	1919	A&O	88	91
Tarryt'n W P & M 5s	1928	M&S	60	80
Union Ry 1st 5s	1942	F&A	100½	102
Westchester El Ry 5s	1943	J&J	65	85
Yonkers Ry 1st 5s	1946	A&O	85	90
Central Union Gas 5s	1927	J&J	100½	101½
Equitable Gas Light 5s	1932	M&S	104	108
New Amst Gas Cons 5s	1948	J&J	100	101
N Y & E R Gas 1st 5s	1944	J&J	103	106
N Y & E R Gas Con 5s	1945	J&J	97	100
Northern Union Gas 5s	1927	M&N	98	100
Standard Gas Light 5s	1930	M&N	100	108
Westchester Light 5s	1950	J&D	103¼	106
Brooklyn Ferry Gen 5s	1943	....	30	31
Hoboken Fy 1st Mtg 5s	1946	M&N	105	107
NY & Bkn Fy 1st Mt 6s	1911	J&J	93	97
NY & Hobok Fy Gen 5s	1946	J&D	96	98
N Y & East River Fy	......	Q M	34	39
10th & 23d St Ferry	......	A&O	36	...
10th & 23d St Fy 1st 5s	1919	J&D	65	70
Union Ferry	....	Q J	30	31
Union Ferry 1st 5s	1920	M&N	95	98

MISCELLANEOUS SECURITIES.

[Corrected to December 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F.	82	85
American Brake Shoe & F. pref.	122	125
American Brass	117	123
American Chicle	220	225
American Chicle pref.	103	107
American Coal Products	90	93
American Gas & Electric	45½	47
American Gas & Electric pref.	43½	45
American Light & Traction	287	292
American Light & Traction pref.	106	109
American Typefounders	42	47
American Typefounders pref.	96	100
Babcock & Wilcox	106	110
Borden's Milk	118	122
Borden's Milk pref.	105	108
Bush Terminal	58	63
Connecticut Ry. & Lighting	75	77
Connecticut Ry. & Lighting pref.	80	85
Cripple Creek Cent.	28	33
Cripple Creek Cent. pref.	45	50
Du Pont Powder	125	129
Du Pont Powder pref.	86	90
E. W. Bliss	137	145
E. W. Bliss pref.	127	135
Empire Steel & Iron	12	18
Empire Steel & Iron pref.	80	90
International Nickel	150	154
International Nickel pref.	90	93
International Silver	30	40
International Silver pref.	100	105
Inter. Time Recording	65	80
Inter. Time Recording pref.	100	105
Lackawanna Steel	64	66
National Sugar pref.	98	102
Royal Baking Powder	162	172
Royal Baking Powder pref.	109	112
Safety Car Heating & Lighting	134	137
Singer Manufacturing	490	510
Standard Coupler	30	35
Standard Coupler pref.	105	115
Texas & Pacific Coal	100	105
Tri-City Ry. & Lt.	27	30
Tri-City Railway & Light pref.	92	95
Union Typewriter	62	66
Union Typewriter 1st pref.	110	115
Union Typewriter 2d pref.	110	115
United States Envelope	52	55
United States Envelope pref.	112	117
U. S. Ind. Alcohol	25	30
U. S. Ind. Alcohol pref.	85	90
Virginian Railway	25	28
Western Pacific	28	30
Worthington Pump pref.	106	109

ACTIVE BONDS.

[Corrected to December 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101¾	102¼
Amer. Steel Foundries 4s, 1923	75	76
Amer. Steel Foundries 6s, 1935	103	105
Balt. & Ohio, Southwest. Div. 3½s	90¼	91
Bethlehem Steel 5s	88¾	89½
Chi., Burlington & Quincy Gen. 4s	99¼	99½
Chi., Burl. & Quincy Ill. Div. 4s	99¼	100
Chi., Burl. & Quincy Ill. Div. 3½s	89½	90
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s	93½	94½
Louis. & Nashville unified 4s	99¾	100½
Mason City & Ft. Dodge 4s	86	87
Norfolk & West. Divisionals 4s	92¾	93¼
Savannah, Florida & Western 6s	126	130
Va. Carolina Chem. 1st 5s	98½	99½
Western Maryland 4s	85	86
Wheeling & Lake Erie cons. 4s	85½	87¼
Wis. Central, Superior & Duluth 4s	92½	93½
Western Pacific 5s	97	97½

COAL BONDS.

[Corrected to December 20.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	86	90
Continental Coal 1st 5s, 1952	95	100
Fairmont Coal 1st 5s, 1931	95½	97
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	98	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	94½	97
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	94	97
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	95	96½
Sunday Creek Co. Coll. Tr. 5s, 1944	70	73
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	92	96
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to December 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932	97	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative	99	102
Guanajuato Power & El. Co. Com.	32	33
Arizona Power Co. Bonds, 6%, due 1933	87	91
Arizona Power Co. Pref.	45	...
Arizona Power Co. Com.	25	27
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	58	59
Western Power Co. Com.	37	38
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref., 6%	75	...
Mobile Electric Co. Com.	20	...
Amer. Power & Lt. Co. Pref., 6%	82	83
Amer. Power & Lt. Co. Com.	35	36

FOREIGN & MUNICIPAL BONDS.

[Corrected to December 20.]

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Consols 3½s	93¾	94¾
German Consols 3s	84¾	85¾
Prussian Government 4s	102	103
Bavarian Government 4s	102	103
Hessian Government 3½s	92½	93½
Saxony Government 3s	84	85
Hamburg Government 3s	83½	84½
City of Berlin 4s	100¾	101¾
City of Cologne 4s	100¾	101¾
City of Augsberg 4s	100	101
City of Munich 4s	100¾	101¾
City of Frankfurt a-M. 3½s	92½	93½
City of Vienna 4s	97	98
Mexican Government Gold 5s	100½	101½
Russian Government Gold 4s	91½	92½
French Government Rente 3s	98	99
Briths Consols 2½s	82	83

BANK AND TRUST COMPANY STOCKS.

[Corrected to December 20, 1909.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	170	185
Amer. Exchange Nat. Bk.	10	247	255
Bank of America	26	600	...
Bank of the Manhattan Co.	12	335	350
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	325	335
Bank of Washington Hts.	8	270	...
Battery Park Nat. Bank	..	125	...
Bowery Bank	12	370	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	165
Century Bank	6	165	175
Chase National Bank	6	425	...
Chatham National Bank	16	345	...
Chelsea Exchange Bank	8	200	210
Chemical National Bank	15	430	...
Citizens Central Nat. Bk.	6	158	165
Coal & Iron Nat. Bank	..	140	155
Colonial Bank	10	400	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	325	335
East River Nat. Bank	6	120	130
Fidelity Bank	6	160	175
Fifth Avenue Bank	100	4200	...
Fifth National Bank	12	300	...
First National Bank	32	850	...
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	215	225
Gallatin National Bank	12	330	350
Garfield National Bank	12	300	...
German-American Bank	6	135	150
German Exchange Bank	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank	16	630	665
Importers' & Traders' Nat. Bank	20	565	575
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	170	190
Liberty National Bank	20	560	...
Lincoln National Bank	8	420	435
Market & Fulton Nat. Bk.	12	250	260
Mechanics' Nat. Bank	12	300	310
Mercantile Nat. Bank	6	180	190
Merchants' Ex. Nat. Bk.	6	165	180
Merchants' Nat. Bank	7	170	...
Metropolitan Bank	8	185	205
Mount Morris Bank	10	255	...
Mutual Bank	8	290	310
Nassau Bank	8	215	...
Nat. Bk. of Commerce	8	208	214
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	420	430
National Copper Bank	8	300	315
National Park Bank	16	455	465
National Reserve Bank	..	115	130
New Netherlands' Bank	..	200	220
N. Y. County Nat. Bank	40	825	...

	Div. Rate.	Bid.	Asked.
N. Y. Produce Ex. Bank...	8	170	180
Night & Day Bank	..	200	225
Nineteenth Ward Bank	15	...	395
Northern Bank	6	95	105
Pacific Bank	8	230	250
People's Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	600	...
Seaboard National Bank...	10	350	380
Second National Bank	12	370	...
Sherman National Bank....	..	140	150
State Bank	10	280	310
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk....	6	165	...
Union Ex. Nat. Bk........	10	195	210
West Side Bank	12	510	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	350	370
Bankers' Trust Co.	16	600	...
Broadway Trust Co.	6	145	160
Brooklyn Trust Co.	20	410	425
Carnegie Trust Co.	8	160	165
Citizens' Trust Co.	..	135	...
Central Trust Co.	36	1000	1030
Columbia Trust Co.	8	310	...
Commercial Trust Co.	..	135	150
Empire Trust Co.	8	300	325
Equitable Trust Co.	20	490	...
Farmers' Loan & Trust Co. (par $25)	40	1800	1900
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co.	12	375	400
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	275	...
Guaranty Trust Co.	20	750	775
Guardian Trust Co.	..	160	180
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	115	125
Hudson Trust Co.	6	180	...
International Bank'g Corp..	..	...	145
Kings Co. Trust Co.	14	500	...
Knickerbocker Trust Co.....	..	350	360
Lawyers' Mortgage Co......	12	235	245
Lawyers' Title Insurance & Trust Co.	12	235	245
Lincoln Trust Co.	..	160	170
Long Isl. Loan & Trust Co.	12	300	320
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	500	535
Morton Trust Co.	20	525	...
Mutual Alliance Trust Co...	8	130	140
Nassau Trust Co.	8	...	165
National Surety Co.	8	210	...
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co..	12	220	230
New York Trust Co.	32	660	680
People's Trust Co.	12	295	...
Standard Trust Co.	16	400	...
Title Guar. & Trust Co.....	20	565	580
Trust Co. of America......	10	350	360
Union Trust Co.	50	1300	...
U. S. Mtg. & Trust Co.....	24	440	...
United States Trust Co.....	50	1250	...
Van Norden Trust Co......	12	230	250
Washington Trust Co.	12	...	400
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	150¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	341¼
First Ward National Bank	8	181⅛
Fourth National Bank	7	165
Merchants National Bank	10	252⅛
National Bank of Commerce	6	173½
National Market Bank, Brighton..	6	102
Nat. Rockland Bank, Roxbury....	8	167
National Shawmut Bank	10	330¼
National Union Bank	7	202
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	125⅜
People's National Bank, Roxbury..	6	125
Second National Bank	10	240⅜
South End National Bank	5	104½
State National Bank	7	176⅜
Webster & Atlas National Bank...	7	177⅜
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	119
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank ...	..	150	...
City National, Evanston...	12	300	325
Commercial National Bank.	12	235	239
Continental National Bank.	8	297	299
Corn Exchange Nat. Bank.	12	440	445
Drovers Deposit Nat. Bank.	10	221	225
First National Bank	20	489	493
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank..	8	187	191
Hamilton National Bank...	5	133	136
Live Stock Exchange Nat. Bank	10	249	252
Monroe National Bank	4	130	140
Nat. Bank of the Republic.	8	202	205
National City Bank	6	198	203
National Produce Bank	..	131	135
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Austin State Bank	10	275	...
Central Trust Co.	7	163	165
Chicago City Bank	10	178	181
Chicago Savings Bank	6	141	146
Citizens Trust Co.	..	100	112
Colonial Tr. & Sav. Bank..	10	195	201
Cook County Savings Bank.	6	110	...
Drexel State Bank	6	163	169
Drovers Tr. & Sav. Bank...	8	175	180
Englewood State Bank	6	111	116
Farwell Trust Co.	..	120	...
Hibernian Banking Assn...	8	212	220
Illinois Tr. & Sav. Bank..	16-4ex.	507	520
Kasper State Bank	10	200	...
Kenwood Tr. & Sav. Bank.	7	127	131
Lake View Tr. & Sav. Bk..	5	130	135
Merchants Loan & Tr. Co...	12	428	436
Metropolitan Tr. & Sav. Bk	6	121	130
Northern Trust Co.	8	321	325
North Avenue State Bank..	6	137	141
North Side State Bank....	6	126	...
Northwest State Bank	..	111	113
Northwestern Tr. & Sav. Bk.	6	137	140
Oak Park Tr. & Sav. Bank.	12	305	311
Prairie State	8	250	...
Pullman Loan & Tr. Bank.	8	155	...
Railway Exchange Bank...	4	125	...
Security Bank	..	153	...
South Chicago Sav. Bank..	6	135	141
State Bank of Chicago.....	12	318	320
State Bank, Evanston	8	270	...
Stock Yards Savings Bank.	6	209	222
Union Bank	..	124	127
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank.	6	150	...

SOME ASPECTS OF A FINANCIAL LIBRARY.*

By Miss Beatrice Carr, Statistician, Fisk & Robinson, New York.

THE financial library of the present day is a comparatively recent institution, and many causes have contributed to its development. Chief among these may be noted the constantly increasing numbers of the investing public; the desire of such investors for prompt and accurate information regarding prospective or actual purchases, and the unprecedented growth of the United States in wealth and world-wide influence—all such contributory causes rendering necessary the establishment of some bureau of information for the collection and recording of data bearing not only upon specific securities, but treating also of industrial and financial statistics in general, and dealing with the fundamental principles underlying all economics. More especially, the building of many new railroads—and the receiverships and reorganizations of many older ones—brought an element of complexity into the financial situation. New investment problems had to be faced; promising but untried fields for the employment of capital to be scrutinized and turned to account. To meet this situation; to provide the means for dealing prudently and at the same time effectively with the great possibilities opening up for bankers and investors alike, are, I think, the chief reasons for the financial library as it exists to-day.

Concrete facts are more likely to be helpful than vague generalizations. It is in order, therefore, briefly to enumerate the various data contained in the library entrusted to my charge, to explain the methods adopted for obtaining material, and, finally, to show how it is classified, catalogued and filed.

What Constitutes a Financial Library.

Summarized, the material on file in the library of Fisk & Robinson consists of books, pamphlets, reports—printed or in manuscript — and newspaper clippings — either specific or general—on steam and electric railroad companies; industrial corporations; public service undertakings; banks—national, state and savings; insurance and trust companies; state and municipal finances and general development; United States Government — securities, finance and general records; miscellaneous books and pamphlets on banking, money, financial history, railroads, industrial statistics and other matters likely to be of interest, and information of a general character not included in these classifications.

To go somewhat into detail: we endeavor to obtain all annual reports, mortgages, agreements, and official pronouncements of railroads and other corporations, and any circulars or other information dealing with such corporations or their securities; all reports of the bureaus and departments maintained by states and municipalities, such as banking and railroad commissioners' reports; industrial and labor statistics; Board of Trade and Chamber of Commerce publications; comptrollers' or other financial reports, and banking, insurance, railroad and general state laws; practically *all* information issued by any department of the United States Government, and all manuals, magazines, books or other statistical data on the subjects of finance, securities, and general development of the United States which, after investigation, we believe to have any value.

Sources of Information.

As to sources of obtaining such information. There are three main channels—the newspapers, our own mailing lists, and the lists of other people. Through the medium of newspapers and magazines is obtained information regarding data of a special—as distinguished from a periodical—nature; by reason of the mailing lists maintained by governmental, state and municipal departments and many banking houses we receive much valuable material, and our card record serves as a check on such sources of supply. To illustrate further: We read in the papers that the New York, New Haven & Hartford Railroad Company has authorized an increase in capital stock; that the Union Pacific has executed a mortgage, providing for an issue of bonds to be brought out by some prominent banking house; that a new book on "Railroad Freight Rates" has attracted considerable comment. Obviously, in none of these *cases* would our own or any other mailing list apply. Therefore, such items, when noted, are marked with a red pencil, signifying that some data is to be acquired; a letter of request is then sent for the circular or deed of trust, or an order given for the new book.

Nearly all departments of the government and many state and city organizations, railroad and other companies maintain mailing lists, by virtue of which we receive their reports without the necessity of writing therefor. Should this not be the case, our own list fills the gap. Whenever any report of an annual, biennial or any other period is received, two cards are made out, bearing the name of the department, bureau or corporation, subject of the report, date of fiscal year, probable time of issue, and address to which application

*A paper read before the first annual meeting of the Special Libraries Assn. of New York, November 5 1909.

should be sent. One of these cards is filed alphabetically—the other behind the guides shows the month and date of issue. Every morning the cards for the day are looked over. Should any report already have been sent, prior to the recorded time of mailing, the fact is shown on the card, the latest year always being written in pencil as soon as the document is received, the "eight" of 1908—for instance—being erased and "nine" written in its place. If the report is not in, a letter of request is sent, unless we have reason to know, through correspondence or otherwise, that it is not yet ready for distribution. Should our letter of enquiry bring forth the information that no report is issued, or that it is not intended for the general public, a *blue* card containing this notification, and referring to the date of the letter, is filed in the alphabetical record.

Correspondence Files.

Mention of letters brings me to the question of the correspondence files. It is found advisable to retain all correspondence of the statistical department, rather than have it filed with that of the general office. Always two carbons of every letter (except ordinary form acknowledgments) are made—one being filed under name of correspondent, the other under some future date—usually a month ahead, but for a longer or shorter period if necessary. (Should cross referencing by subject matter be required, an extra carbon is made.)

Every morning, after the mail has been received, stamped, and duly recorded, it is turned over to the clerk in charge of the letter files, who looks up the correspondence in connection with every letter or document, enters the new reports on the mailing list, and takes out the mailing list cards and "follow-up" carbons which belong to that day. When, finally, the mail is brought to my desk by a stenographer, we go over it together, the various acknowledgments are indicated or dictated, and the mailing list cards and follow-up carbons dealt with in such fashion as may be considered advisable. The correspondence is then handed back to the stenographers, the material turned over to the filing clerk, with necessary instructions. Such documents as require further study are retained until a suitable opportunity occurs for closer examination.

Recording the Data.

Finally, a word as to the method of recording. All data is divided into a few primary classes, such as "Railroads," "Industrials," "State and Municipal," "Government," etc. Each of these divisions is distinguished by an appropriate letter or letters—"R.," "Id.," "S. & M.," "U. S." Following this letter, each independent corporation, each state, each department of the government, has its own number—each subsidiary corporation, each city, each bureau of a department, a decimal of that number. The material belonging to each division or sub-division is denoted by letter, the same letters always, as far as possible, standing for the same things. In the case of corporations, not more than half a dozen divisions of material are necessary; for states, cities and the United States Government we go through the entire alphabet. In the case of miscellaneous books and pamphlets, each subject has its own number, prefixed by the letter "M," and all material under each subject heading is numbered consecutively.

Newspaper clippings are arranged by subject and filed separately in binders arranged in straight numerical sequence, the subject index cards being filed alphabetically.

We have a card index for all our government, state and municipal and miscellaneous material. (Up to the present time a comprehensive index to our corporation data has not been possible of attainment, other than for annual reports.) The material is indexed according to subject under each of the primary classifications, cross referencing to other divisions or subjects being made where necessary.

In conclusion, it should be stated that frequently the question has been asked whether the special library is of any real use to a banking firm, or whether it is not merely an expensive luxury. The answer depends largely on what use the firm makes of it. If the library exists merely for the accumulation of a mass of material the very existence of which is hardly suspected, and of which little or no use is made, then it may fairly be considered an unnecessary expense. If, on the other hand, it is used constantly by every other department of the bank and is made a "live" adjunct to the purchasing and selling agencies of the firm, without doubt the library justifies its existence. And the extent to which it is merely "dead wood" or a very vital part of the office organization depends largely on the missionary spirit exercised by the librarian.

GOLD BASIS FOR CUBA.

A BILL has been introduced in the Cuban Senate for the establishment of a national currency on the gold basis and similar to that of the United States. The gold coins are to be of five, ten and twenty dollars and the subsidiary coins of silver, nickel and copper. The amount of the coin issued is to be determined by a currency commission to be appointed by the Government.

THIS department of THE BANKERS MAGAZINE is for the benefit of all readers interested in safety deposit. It is open to contributions from any source, the purpose being to make it a place of exchange for good ideas in this branch of the banking business. For reproduction in this department, we would be pleased to receive photographs of safe deposit vaults, customers' rooms, or copies of unusual safe deposit advertisements. We invite correspondence as to new methods of handling this business and approved means of increasing it.

BUILDING A SAFE DEPOSIT BUSINESS.

By Samuel M. Willner, Founder & General Manager of the National Safety Vault Co., Denver, Colo.

IT was the great San Francisco fire, with its terrible results, that started me to look into the question of what constitutes the proper equipment for taking care of valuables, generally known as safe deposit vaults.

I saw safes opened several weeks after the fire, in which people had stored their valuables, in which not a single record remained intact, the heat having been so great that the steel body of the safes had become red hot and as a result consumed

Not a single safe deposit vault was destroyed in the great conflagration that left San Francisco a pile of smoking ruins. Countless numbers of small individual safes were melted like so many tons of lead.

the contents. A great many of the San Francisco merchants, whom I had met, told me that in order to ascertain what their customers owed them, they had to depend upon the honesty of their trade to inform them as to the amount of their indebtedness, because of the fact that their books and records had been burned up while stored in their safes in their respective places of business.

Being in business in San Francisco, as well as in Denver, I naturally suffered with others in the great losses sustained during the catastrophe in that city. As soon as I was able to communicate with my business associates in San Francisco, I started at once for the coast and it was not long after my arrival in San Francisco after having arranged for starting up my business again, that I began to fully realize the great importance of safe deposit.

Safe Deposit Vaults Justified.

I learned that the majority of the people who had the *foresight* to rent a safe deposit box, had been able to save their records. Many of the merchants had stored their fire insurance policies in their safes on the very premises that were insured, with the result that they went through untold trouble to establish their claims for fire insurance.

Women had turned over valuable papers to their attorneys, who had placed these papers in filing cabinets, desks, etc., and the result was that in the majority of cases they were destroyed.

SAMUEL M. WILLNER
General Manager The National Safety Vault Co. of Denver, Colo.

After hearing tales of woe on all sides I determined, upon my return to Denver, to organize a company for the purpose of installing as high class a safe deposit equipment as money could buy and upon my return I investigated the safe deposit situation in Denver. The National Safety Vault Co. is the result of this investigation.

Gathering Ideas.

I then started on a trip of inspection to the largest cities of the country and after visiting the leading institutions engaged in the safe deposit business and examining their equipment thoroughly and obtaining expert opinion in regard to the same, and after discussing the finer points of the business with the managers of the different companies, I reached the conclusion that the reason why more people are not safe deposit renters is because of the method adopted by some of the institutions in caring for their customers, as well as the poor equipment installed.

I might summarize the situation by saying that a great many of the so-called safe-deposit vaults are nothing more than a flashy steel door with a picket fence built in front of it, and a label across the fence marked "Safe Deposit Vaults." It is really surprising how some of the so-called safe deposit vaults do business at all and in my opinion it is nothing more than the confidence of the public in general, in the words "Safe Deposit Vaults," that prompts them to make total strangers custodians of their valuables. Because as far as the security offered by some of the institutions is concerned, there is not the slightest semblance of it.

Poor Equipment Means Poor Business.

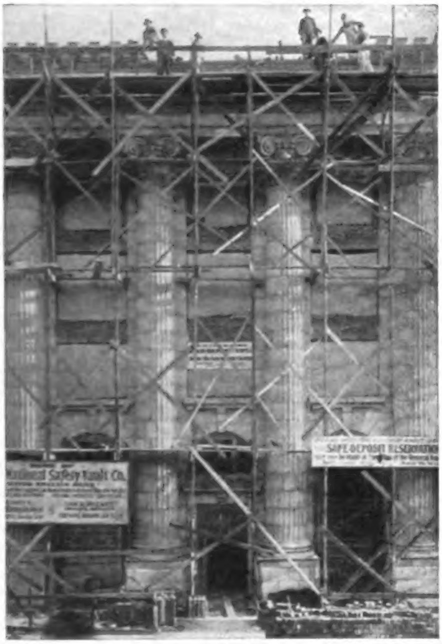
For example, one safe deposit company I visited had their master key, which is used for starting the combination on all their safe deposit boxes and which is worked in conjunction with the customer's keys, hanging on a nail in one of the customers' coupon rooms instead of being in the possession of the custodian of the vaults. When you realize that any customer could have obtained this master key and made an impression of the same, and had as many duplicates made of this key as he saw fit, you can well imagine the impression this made on me and would have made on anyone else who had walked into the coupon room where this master key was hanging.

In another vault I saw a customer come in who had complained of the fact that his key would not unlock his box, whereupon the vault officer tossed him another key with the remark "This key will no doubt open your box." The systems employed for the safe guarding of the safe deposit renters in a good many of the vaults I visited were anything but what would inspire confidence. I should say that in a great many instances I felt that a safe deposit renter would have been far better off to keep his valuables locked in his bureau drawer or in his desk, because in that case he would have had at least the custody of his own valuables.

Modern Equipment Attracts Business.

I found in such cities where the vault equipment was of a higher class of construction and where better systems were

used for the safeguarding of their customers' valuables, that the percentage of safe deposit renters ran much higher than it did in cities where poorer equipment and system was employed. I concluded after visiting the different institutions in different parts of the country that two things are essential to create safe deposit renters—security and service. For after all the safe deposit business is purely a matter of confidence and in order to create the proper confidence the equipment must be of such



Building in course of construction for the National Safety Vault Co. of Denver, Colo.

a nature that, after proper demonstration, a safe deposit renter will feel that their valuables are safer in a safe deposit vault than they are in their own possession, for I found instances where a safe deposit renter had valuables locked up in a single box, the value of which far exceeded the total cost of equipment of the vaults that contained the safe deposit box.

A Safe Deposit Building.

Upon my return to Denver I secured a site and determined upon having a building erected for us that would be as near fireproof as could possibly be built, which in my opinion is very essential for the housing of safe deposit vaults. Because if the vaults are installed in a building that is not fireproof, even though the vaults themselves might be of fireproof construction, they would not inspire the confidence they would if the building was fireproof, for the reason that in a great conflagration a non-fireproof building is very apt to collapse, with the result that the safe deposit renter would be greatly inconvenienced by not being able to get into his safe deposit box, even though the vaults did remain intact.

Vault Fittings.

We are installing vaults that have a capacity of thirty thousand safe deposit boxes. The vault walls are built of reenforced concrete and steel and will stand a crushing pressure of four million pounds to the square yard and could safely carry a sixteen-story building. We are installing two main entrances to our vaults, so that in case the mechanism on one of the doors fails to respond, we would have the other entrance to pass in and out of the vault. Frequently lockouts occur in a vault and where only one door is provided it becomes a matter of serious inconvenience. Incidentally, I asked one vault custodian how he would get into the vault in case the mechanism was out of order and the door refused to open. He replied, "That would not be very difficult, we could open it easily even though the mechanism was out of order." I maintain that if the door can be easily opened when its mechanism is out of order that the door itself is no good and should never have a place in the vault. For that reason we have two doors. Each door will be two feet in thickness and will weigh sixty-four thousand pounds.

To give you a further illustration that Security and Service is of paramount importance in safe deposit business, I might add that even though our building is not yet completed, our company has already obtained the confidence of the public to such an extent that we have booked up an enormous amount of safe deposit reservations, of which forty per cent. of the business is coming from the other safe deposit vaults and sixty per cent. from people who have never used a safe deposit box. Which proves conclusively how the business can be stimulated by installing the proper equipment, thereby gaining the public confidence.

Too many safeguards cannot be thrown around safe deposit vaults. Every additional feature of value that is added to safe deposit equipment creates a greater clientage. In circulating literature for our business, I call the special attention of the public to the fact that above all things we are not renting *space*, we are renting *security*.

A PRECAUTIONARY METHOD OF SAFEGUARDING SAFE DEPOSITS.

By G. P. Blackiston, Advertising Manager The Safe Deposit and Trust Co. of Pittsburgh.

THE origin of safe deposit vaults can be traced far back into the musty realms of ancient history. Modern applications, however, are ever presenting themselves, until to-day we find in many of our most progressive institutions safeguards practically impregnable.

This has been augmented, to a great degree, by the great advancement of the professional crook, who is ever ready to take advantage of some loose method in so-called systems of the unwary institution.

AN IMPROVEMENT.

One, which is enforced in its storage department, is the sealing of the trunk, box, package or other such article left by its owner.

The seal, which is an ordinary paper sticker three inches in diameter, is placed over the lock or dividing margin. On its face is filled in the contract number, date when sealed, the signature of the owner and countersigned by the manager of safe deposit and storage department.

A gummed sticker that is pasted over the lock or end of trunks, bags, etc.

As a result the red tape, so popularly featured during ex-President Roosevelt's administration, and which, as a rule, is so obnoxious to the public in general, has been brought into play, but with the minimum length of tape that would permit of maximum safety. Unnecessary red tape has caused many of the largest safe deposit institutions in the country to lose most desirable clients. It is, therefore, essential to the successful institution to possess absolute safety without incurring unnecessary work.

Appreciating this fact, the Safe Deposit and Trust Company of Pittsburgh, the largest institution of its kind in that section of the country, devised ways and means for securing such results.

The owner, therefore, is assured when opening his trunk that no one has had access to it, as the seal cannot be replaced without the signature of both the owner and the manager of the department.

This safeguard has appealed greatly to those that have been accustomed to the loose methods which we find in vogue in so many of the institutions which have not given the matter the care and consideration due the subject.

The regular lead freight car seal attached to a wire placed around the trunk or box was formerly tried, but found very weak in many ways. The wire which went around the trunk was often broken in moving, which naturally caused trouble. Beside this, the sealing, cutting of wire, etc., was additional

labor, and as stated above, not so effective in its results.

The paper seal has proven by several years practical test to be the cheapest, safest and most effective system yet installed and we have tried practically everything.

"SAFE CRACKING" HAS BECOME UNPOPULAR.

THAT the burglary and hold-up robbery of banks is no longer popular among the criminal class, and that expert professional bank burglars and the bands of expert forgers defrauding banks are in existence no longer is asserted in the annual report of the Pinkerton's National Detective Agency to the American Bankers' Association.

From September 1, 1908, to September 1, 1909, there were 107 bank burglaries in this country, eighteen of which concerned members of the association and eighty-nine non-members. During the same time there were fifteen hold-up robberies, seven on members and eight on non-members. By the burglaries the banks lost $159,309.28, and by the hold-up robberies, $17,667.13.

Prior to 1895, the report says, the banks lost yearly hundreds of thousands of dollars through the operations of professional expert burglars, forgers, sneak thieves and hold-up men. The former expert bank burglars, who operated noiselessly with fine tools, have been replaced by the desperate "yeggs," who work clumsily with dynamite or nitro-glycerine, on banks in small communities, where there is little or no police protection. They are utterly regardless of human life and do not hesitate to shoot and kill to avoid arrest and identification.

Former bands of professional forgers have been disbanded, their members either having been convicted or made fugitives from justice. The losses to banks now through forgeries are caused by beginners, and it is declared that there is but one band of dangerous forgers now operating, while the former professional bank sneak thief has turned his attention to hotels, residences and sleeping cars.

Old-time professional bank hold-up robberies have entirely disappeared. One band, driven to the Argentine Republic, is operating there and has committed several robberies. Such hold-up robberies as have occurred in this country during the last year have been the work of local thugs or accidental criminals taking advantage of an opportunity.

As a means of suppressing the "yeggs," the Pinkertons recommend that the various states enact a law similar to the one in operation in Colorado, Kansas, Maryland, Missouri, Nebraska and Ohio, which provides a penalty of not less than twenty-five or more than forty years for persons convicted of a burglary by the use of nitroglycerine, dynamite or other high explosive.

SAFE DEPOSIT NOTES.

—The Security Savings Bank of Los Angeles, Cal,. maintains one of the largest and best equipped safe deposit departments of any bank or safe deposit company in the West. Its great vault, measuring 62 by 32 feet, occupies a space of 10,800 square feet and has around it 4000 square feet of lobby space. There are twenty-eight booths for customers; men's and women's reading rooms; four large consultation rooms; a directors' and customers' meeting room; storage vaults for trunks, silverware, large packages, etc., and last, but not least, individual safe deposit boxes. Day and night watchmen are constantly on guard, and as a further safeguard the vault is electrically protected.

—Effective advertising of safe deposit facilties may be brought about in many ways. The Farmers National Bank of Rome, N. Y., directs attention to its safe deposit vault by means of souvenir blotters, bearing a cut of the vault door and an appropriate bit of advertising.

—A Mosler round door has been purchased by the First National Bank of Findlay, Ohio, and added to the equipment of its newly constructed vault. The door weighs ten tons.

—One hundred and ninety-five tons of steel vaults have been contracted for by the Omaha National Bank of Omaha, Neb. Contracts for the work have been let to the Mosler Safe Company of Hamilton, Ohio.

A safety vault containing 5000 boxes will be installed in the basement of the New York Life building, which the bank will occupy. The cash vault will be on the main floor on the north side of the court, the wall in front of it being of glass construction, so the door of the vault will always be in plain sight from the court. This vault will contain a cash reserve vault with a screw door and a separate compartment for current cash. The interior of the reserve cash vault will contain separate compartments under sealed dial and signature control, making it impossible for the reserve cash to be interfered with without immediate attention being called.

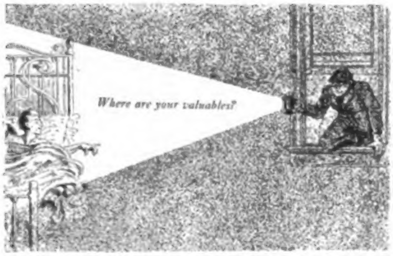
—Depositors who carry an average balance of $200 with the Aetna National Bank of Hartford, Conn., are given the use of a small safe deposit box *free*. This liberal proposition is only one of several which the

bank is using in its successful endeavor to build up a creditable safe deposit business. An attractive folder announcing the new departure has been issued.

—Elevator placards are used by the Federal Safe Deposit Company of New York to solicit business from the tenants of the Postal Telegraph building at 253 Broad-

PULLING FOR BUSINESS.

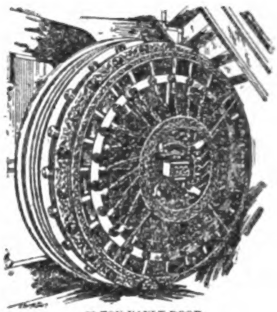
Some Suggestive Safe Deposit Ads.



The reverse of this card, distributed by the Union Safe Deposit Company of Pittsburgh, shows the feet and back of this midnight intruder, and also answers the question, "Where are your Valuables?" by stating that they are in the armor plate vault of the Union Safe Deposit Company.

The Ætna National Bank of Hartford

SAFE DEPOSIT DEPARTMENT



20-TON VAULT DOOR

We beg to announce to the public our New Departure of Furnishing to Depositors

FREE

INDIVIDUAL SAFES

In Our Completely Equipped Safe Deposit Department.

Let us show you our plant and explain our plan.

We also have for rental at $3.00 the year and upward Individual Safes of all sizes.

Informing the public, through the daily papers, of the opening of a safe deposit department. Ætna National Bank of Hartford, Conn.

You Need a Safe Deposit Box

Because your stocks, deeds, will and securities will be beyond the reach of fire and burglars. Because no one can molest your private letters. Because you'll not mislay your diamonds, jewelry and valuables. Because you'll enjoy peace of mind. Because you cannot afford to take great risks when a safety box costs you less than a cent a day.

The Painesville National Bank

Specimen ad. of the Painesville National Bank, Painesville, Ohio.

The PASSAIC TRUST & SAFE DEPOSIT CO.

HE WAS FOOLED.

RENT A BOX IN OUR BURGLAR PROOF VAULT AND BE SAFE.

BLOWS UP FARM SAFE AND STEALS $10,000

FARMER DISTRUSTED BANKS

Special to the New York Times.

[illegible], N. J., Nov. 5.—A masked man without the aid of a single accomplice stole between $3,000 and $10,000 in cash and bonds this afternoon from the home of Schuyler [illegible], 73 years old, a wealthy farmer, living near [illegible].

"I've got a safe strong enough to keep off any robbers," was his declaration when relatives advised him to put his money and bonds in a bank vault.

One Dollar Opens a Deposit Account.

BOXES FROM [illegible] PER YEAR According To Size.

INSPECTION IS INVITED.

Vaults Open from 8 a. m. to 4 p. m.

Local news, and especially news of this character, makes valuable advertising.

way. Good results have been obtained from this method of advertising.

—The First State Bank and Trust Company of Alton, Ill., has ordered a new vault, which is almost completed.

—A contract calling for $75,000 of vault construction has been placed by the People's Savings Bank of Seattle, Wash., with the Purcell Safe Company. The work to be done for the People's Savings Bank includes a safe deposit vault, a reserve vault, a coin vault and a record vault. The interior of the safe deposit vault will be 89½ inches high, 140 inches deep and 150 inches wide. The walls will consist of fifteen inches of re-enforced concrete, with extra steel re-enforcement, and will be lined with five-ply high carbon chrome steel and open hearth tough steel. It will be fitted with a fifteen-inch circular door, eighty-five inches in diameter, insulated to withstand the electric melting processes, made of tough steel to defy the battering ram, and so grooved as to withstand high explosives. The other three vaults will be fitted with square doors similar to those installed by Mr. Purcell in the National Bank of Commerce's new quarters in the Leary building. A feature of these vaults will be the department provided for jewelers and out-of-town bankers and business men. All of the present vaults in use by the bank will be torn out. To make room for the new vaults the bank has taken additional space from a store now occupying quarters in the rear.

—The Lincoln Safe Deposit Company of New York has six acres of warehouse space, its own vans for the transfer of all packages from residence to vaults and back again, and an immense cold storage plant for furs and clothing. These features are described fully in an attractive booklet issued by this company.

ALEXANDER J. HEMPHILL

President Guaranty Trust Company of New York.

AT a meeting early in December, the directors of the Guaranty Trust Company of New York elected as their president Alexander J. Hemphill, who has been a vice-president of the company since February, 1905, and has been acting president since the retirement of John W. Castles one year ago.

Mr. Hemphill was born in Philadelphia in 1856 and in 1875 entered the service of the Pennsylvania Railroad Company, taking a position in the accounting department. Mr. Hemphill served that company until July 1, 1883, under the personal supervision successively of R. W. Downing, comptroller; J. C. Simms, secretary, and Capt. John P. Green, vice-president.

On July 1, 1883, he was made secretary of the Norfolk & Western Railroad Company. In February, 1905, Mr. Hemphill became vice-president of the Guaranty Trust Company, of New York.

On the day of Mr. Hemphill's election to the presidency Henry P. Davison of J. P. Morgan & Co., E. C. Converse, president of the Bankers Trust Company, and of the Astor Trust Company; A. H. Wiggin, vice-president of the Chase National Bank, and W. H. Porter, president of the Chemical National Bank, were elected directors. They will fill the vacancies caused by the death of H. H. Rogers and E. H. Harriman, and by the resignations of Fredric Cromwell and E. C. Hebbard. Mr. Davison was also a member of the executive committee.

At this time, when a new president has just taken office, it seems quite appropriate to refer briefly to the wonderful record made by the Guaranty Trust Co., during and since the great crisis of 1907. It is a matter of common knowledge how this company was able while a panic was raging, to extend its usual facilities to every depositor regardless of the size of his balance.

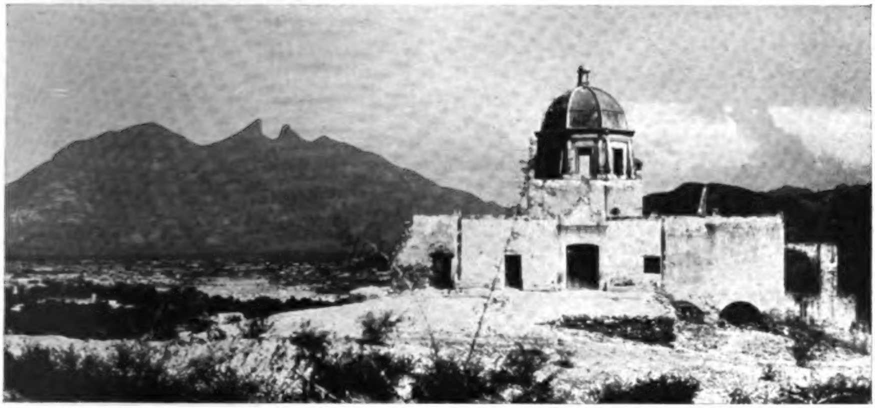
In a statement rendered January 1, 1908, the company reported deposits of $30,000,000. In striking contrast is the excellent statement of November 16, 1909, in which the item of deposits, $77,369,426, shows that in two years' time the business has almost tripled itself. The November 16, 1909, statement also showed total resources of $88,959,181, in which were included cash due from trust companies, banks and bankers and foreign exchange amounting to $22,329,639. The capital stock is $2,000,000 and the surplus and undivided profits $8,614,299.

ALEXANDER J. HEMPHILL

President The Guaranty Trust Company of New York.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—THEODORE ROOSEVELT.



Bishop's Palace, Monterrey.

A MEXICAN TRAVELOGUE.

PART I.

By R. S. Cauvin.

BECAUSE our forefathers came from Europe, I suppose it was the call of the blood that drew each year the tourists to the various countries of the Old World. But before this army of American tourists the picturesque customs and attractive costumes of European countries have gone down into defeat. Nowadays the traveller is surprised, surprised and disappointed, to find the American touch on almost everything European, paying double the price for a poor substitute for what he has at home.

But to the south of the United States lies a country where as yet the feet of the tourists have not worn down the customs and ceremonies of the forgotten centuries, where at the present time progress has only added comforts without destroying the charm of the past ages. This is the Mexico of the present time.

Daily through Pullmans are operated be-

A View in Cuernavaca.

A Country Churchyard.

A Street in Puebla.

Many Rebeccas at the Well.

tween various points in the United States and the City of Mexico, and from the window of your car your gaze falls on villages that existed when Cortez landed at Veracruz; on ruins that are more ancient than old Egypt; and on landmarks of every age and period down to the day of your visit, for Mexico is making wonderful strides in her progress as a nation, a progress, that is little known to the people of the United States, where magazines still find buyers for wild and woolly fairy tales on "Barbarous Mexico."

The Gates to Mexico.

To the visitor from the States three gateways are open to welcome him to the sister Republic on the south—Laredo, Eagle Pass and El Paso. The Mexican customs officials will inspect your trunk and hand luggage at either Nuevo Laredo, Ciudad Porfirio Diaz or Ciudad Juarez. This inspec-

Coming from Mass.

tion is a very simple matter and will take only a few minutes of your time. Mexico's first act of hospitality is to give you two dollars in Mexican currency for every dollar of American money you may have.

Could Mexico be turned around so that the part that is now the southern portion of the country by the Laredo gateway, making eller would think, and think rightly, that he had entered an earthly paradise; but naturally enough the northern part of Mexico presents the same characteristics as the southern portion of the United States which it bounds, but even this sandy waste takes on a more picturesque aspect south of the Rio Grande, due to the quaint adobe houses and their interesting inhabitants.

On my first visit to Mexico we entered the country by the Laredo gateway, making

A Wayside Inn.

our first stop at Monterrey, the leading industrial centre of northeastern Mexico, with a population of some 100,000 people. Naturally, being close to the border, Monterrey is more American in its ways than the towns further south; but like all Mexican towns, it is replete with historical interest.

Mexico's Varied Attractions.

However, the charm of Mexico cannot be expressed by a mere description of its scenery, its people, or its customs. The life there is different from the everyday, humdrum routine that surrounds you at home and it is this difference that constitutes the chief attraction of Mexico.

From Monterrey we next went to Saltillo, a city of some 30,000 inhabitants and the capital of the State of Coahuila, which at one time included all of the territory of the present State of Texas.

Each city of Mexico seems celebrated for one particular object, and in Saltillo it is

A Street Scene in Guadalajara.

the serapes. The serape, or Indian blanket, is found in nearly all parts of the Republic, each different section having its own particular style of blanket; but the serape of Saltillo is supposed to be the finest in the Republic, frequently costing as much as three or four hundred Mexican pesos each, although I have bought serapes in the quaint little town of Cuernavaca for six or seven pesos, which were to my uneducated judgment much prettier than the serapes of Saltillo.

The country around both Monterrey and Saltillo is reminiscent of the war between the United States and Mexico. The Bishop's palace near Monterrey and the old fortress built by General Taylor near Saltillo both bring vividly to mind this conflict.

The Tropic of Cancer we crossed after travelling some 383 miles south from Laredo, but as we entered the tropical zone the climate became pleasanter than that part of our journey through the southern part of the United States, owing to the altitude of the high plateau that runs through central Mexico.

Our next stopping place was San Luis Potosi, where we found a very charming little hotel, with our windows opening out on to the plaza. The band played here at night and it was our first view of the Mexican plaza with all its life and gaiety during the band concert. The quaint little streets of San Luis Potosi, its beautiful church, its markets and bazars, all proved of unflagging interest to us; but the City of Mexico still beckoned, and reluctantly we left this charming little town. Between San Luis Potosi and Querétaro we passed the little station of Dolores Hidalgo, the birthplace of Mexican independence. It was here that Father Hidalgo, the Washington of Mexico, preached the sermon of independence and from a nearby church at Atotonilco took the banner bearing the picture of the Virgin of Gaudalupe, which became the standard of Mexican independence and which to-day may be seen in the National Museum at Mexico City.

At Querétaro we stopped, not to buy opals, for which the town is noted, but to visit the Cerro de las Campanas (Hill of the Bells) and to see the three simple marble slabs making the place where Maximilian and his two faithful generals, Miramon and Mejia, were executed. Some of our party, however, could not resist the temptation to buy a few "genuine Querétaro opals," which afterwards turned out to be fake gems, dear at any price.

After leaving Querétaro there was no further stop until we reached Colonia Station in the City of Mexico. A blue flag coach carried four of us to our hotel, and the charge was fifty centavos for the trip. Had we taken a red flag coach it would have cost us, so we were told, thirty-seven centavos.

After removing the dust and stains of travel we went out for a stroll along the Paseo de la Reforma, one of the most beautiful boulevards in the world. Taxicabs, touring cars, racers, limousines, victorias, motor cycles and carriages of every descrip-

Avenida San Francisco, Mexico City.

The Theatre in San Luis Potosi.

tion passed up and down this beautiful driveway; and as we watched the toilettes of the women and marvelled at the display of jewels, the Mexico of the Aztec, of Cortez, of the Inquisition, seemed very far distant; but down a side street came trotting a little band of Indians with their curious dress, while a horseman in charro costume, with large sombrero and silver-buttoned trousers, rode past, bringing forcibly to mind the great contrast of the old and the new Mexico that side by side waited to greet us.

To the National Pawnship we went, like all good tourists, and also to the Thieves' Market, where we picked up a couple of large brass altar candlesticks for a few centavos.

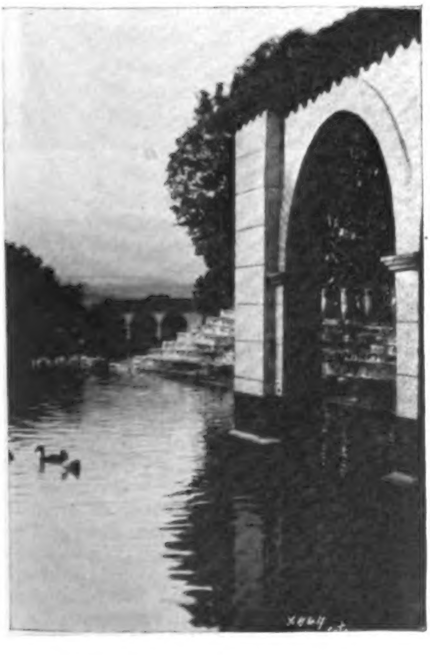
That night being Saturday, we went to the Fronton, a large building where pelota, the Spanish ball-game, was played. At first, until we understood the points of the game, it seemed rather puzzling, but soon we caught on and were as enthusiastic in our cheers, as any of the other spectators.

The next day, Sunday, we went early in the morning (and early for us meant about 8:30) to the flower market which stands alongside of the great cathedral. Here, although it was December, were piled heaping masses of gardenias, camelias, violets, roses, forget-me-nots, and orchids, brought in from the hot countries. A bunch of gardenias was purchased for twenty-five centavos. We then went into the cathedral to see some of its wonderful paintings. By 11 o'clock we were in the Alameda, one of the principal parks of Mexico, listening to the excellent music of the police band, and watching the crowd that paraded up and down the canopied aisles. The concert was over at 1 o'clock, so we took a stroll along the Avenida San Francisco, watching the crowds that paraded up one side of the street and down the other every Sunday at this same hour.

Stairway at Guadalupe.

An Old Spanish Arch in the Little Village of Amecameca.

Our luncheon we decided to make strictly Mexican, so it included such dishes as *mole de guajalote, chilis rellenos, enchiladas* and the delicious *aguacate* salad, and all the time a Mexican orchestra played the dreamy beautiful dances of the country.



In the Borda Garden, Cuernavaca.

In the afternoon we were told that "Machaquito," one of the first bull-fighters of the world, was to fight the bulls in the Plaza de Toros, so again the four of us took a coach and started for the bull-ring. No need to ask the way, for carriages and autos of every description, filled with a laughing, jolly crowd, were all headed for the same place. The Plaza de Toros is a large steel and concrete building on the style of the ancient Roman arena and holds about 40,000 people. In regard to the fight our party was divided, but we all agreed that the excited crowd, the beautiful music and the gay costumes of the bull-fighters, together with the danger of the game, made it extremely exciting and interesting. After the bull-fight we went to the grounds of Chapultepec Castle and took supper in the café at Chapultepec, which is one of the most fashionable places in Mexico. Afterwards we went to one of the theatres, and although the jokes at which the audience laughed so heartily passed over our heads, the dancing was very enjoyable.

During the next week we visited several of the historical churches, the Castle of Chapultepec, the San Carlos Art Gallery, the Viga Canal and the National Museum, besides making several trolley trips to the

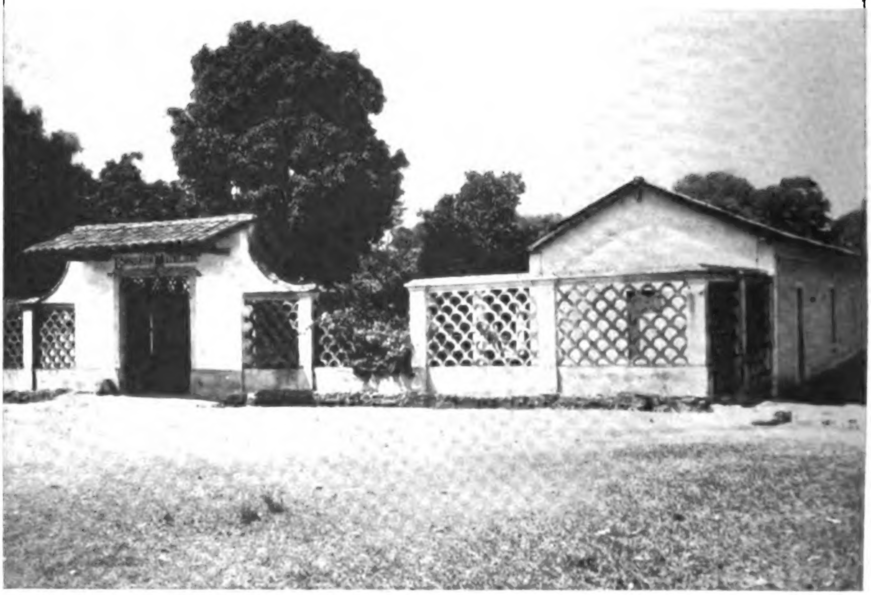
beautiful suburbs of Tacabuya, Churubsuco, Atzcapotzalco and Coyaocan. In the National Museum we saw the sacrificial stone of the ancient Aztecs, "where the victim was held by the priests while his palpitating heart was torn from his breast and offered as a sacrifice to the gods." Understand me, this is what the guide-book says, as I was not there to see it and cannot vouch for this statement. We also went to the post office, which is a replica of one of the famous Venetian palaces, and were fortunate enough to secure admittance to the grounds of the new theatre which is now being built. This, when completed, will be the handsomest in the world.

After seeing the principal sights in Mexico City we made a day excursion to Amecameca, a quaint little Indian village at the foot of the mighty snow-covered volcano, Popocatepetl. In Amecameca there is a small hill, called the Sacremonte with a Via Dolorosa winding its way to the top. This "road of sorrow" ends at a little cave, where in years gone by lived a hermit, a holy man, whose memory is held sacred by the people of Amecameca.

We also went to Toluca, high in the mountains, to reach which we crossed the great Continental Divide, but the most beautiful side-trip of all was our week-end excursion to Cuernavaca. Truly Cortez was a wise old man when he selected this spot in which to reside. We saw the palace of Cortez, which is to-day a Government building. The hotels of Cuernavaca are good and the trip takes you through scenery which should not be missed.

A Plunge Into the Tropics.

But the Mexico which we were seeing was not the tropical country that we had pictured it. So we took the train for Veracruz, stopping on the way to visit at Puebla, the famous onyx market, and to see the celebrated pyramids of Cholula. From Jalapa the real descent into the tropical country began. The tall palm-trees and luxuriant foliage combined to make the tropics of our imagination, and shortly we arrived at Veracruz, the landing place of Cortez and named by him the "Rich City of the Holy True Cross." At four o'clock we followed the fashion and took iced coffee under the portales, and just at sunset we went out for a boat ride on the beautiful Gulf of Mexico, circling the island on which stands the fortress of San Juan de Ulua. Back of Veracruz towered the snow-covered peak of Mount Orizaba, catching the last gleam of the setting sun and sparkling like a huge rose diamond. The fronds of the beautiful palm trees waved gracefully in the evening breeze, and the picture was one which will never be forgotten.



Maxmillian's Country Home near Cuernavaca.

On returning, two of our party left us at Puebla to make the trip to Oaxaca and the

ruins of Mitla, and, of course, to us who did not make the journey, this was ever afterwards held up as the "greatest trip of all."

After resting a day in Mexico City, we started for the Pacific port of Manzanillo, stopping en route at Lake Chapala, the city of Guadalajara and Colima.

The trip between Guadalajara and Colima surpassed even our wildest imagination, and we were fortunate enough to see the Colima volcano during one of its active moods. This volcano of Colima is the only active volcano of the American continent that may be reached by railroad. The roadway runs about the mountains when possible and suspends the train over seemingly bottomless gulches, through which the mountain torrents toss and foam. The cost of the road from Tuzpan to Colima and the reconstruction of the old road from Colima to Manzanillo is estimated at some $12,000,000 gold.

A Country Road.

The town of Colima, with the high cone of the volcano guarding it, and its myriad of feathery cocoanut palms whispering with every breeze from the Pacific, is one of the most charming spots that we had visited in Mexico.

Again back in the City of Mexico, and we commenced our farewell round of visits to the curio stores, loading our luggage with drawn-work, laces, feather-work, carved leather and souvenirs of all kinds.

At Guadalupe's Shrine.

Of our last day in Mexico we gave the morning to Guadalupe, the sacred shrine of all Mexico. This little village is a suburb of the City of Mexico and easily reached by the electric cars. On arriving at Guadalupe we climbed the hill of Tepeyac, where once stood the temple of Tenantzin, the Indian Goddess of Earth and Corn, but to-day the temple has given way to the church of the Virgin of Guadalupe. The legend of the Virgin of Guadalupe is one of the most beautiful in Mexico, and runs as follows:

"Scarce more than a decade had passed after Rome sent her message of the Holy Mother to the land of the Aztecs, when an old Indian whose name was Juan Diego (John James), a native of Cuatitlán, three miles distant from the old city of Tenoxtitlan, now the beautiful capital of Mexico, went to Tlaltelolco to learn the doctrine of the Christ, as taught by the Franciscan monks. As he was passing the hill of Tepeyac the sound of sweet music greeted his ear, and suddenly the 'Virgin Maria' appeared before him and told him that she had determined to become the patron saint of the Mexican Indians, and to take them under her special protection; that he must go to his Bishop, the 'illustrisimo,' Don Fray Juan de Zumárraga, and say to him that she wished a church built at the foot of the hill and dedicated to her as the Patroness of all Mexico. The next day the Indian was passing by the same place, when the Holy Mother again appeared before him and demanded to know the result of his commission. Juan replied that despite his efforts he had been unable to see the

Bishop. 'Return,' said the Virgin, 'and say that it is I, the Mother of God, who sends thee.'

"The divine order was obeyed; but still the Bishop was skeptical, desiring a sign of the Virgin's will. Returning with his message, the apparition of the Virgin appeared to this humble Indian for the third time. She now commanded him to climb to the top of the barren rock of Tepeyac and gather the roses he should find growing there and to bring them to her. Juan reverently obeyed, though knowing well that neither roses nor any trace of vegetation could grow upon a rock so barren. Nevertheless, he found the roses, which, of course, had been placed there by a miracle, and he gathered and brought them to the Holy Mother, who throwing them into his 'tilma,' said: 'Show these to the Bishop as the credentials of thy mission.'

"When Juan unfolded his 'tilma' before the Bishop, another miracle had been wrought, for there painted upon his cloak was the portrait of the Blessed Mother, dressed not as a poor carpenter's wife, but the divine artist, as if catching the glory of the landscape, robed her in the blue of heaven and the crimson gold of the setting sun, her garments ornamented with stars as golden as those that nightly appear in the southern sky above this famous hill—her foot upon the crescent moon.

"When the Bishop beheld this miraculous image he was seized with awe and was conveyed in a solemn procession to his own oratory. The splendid church was ordered to be built, the Indians all contributing of their possessions, and, as seen in the magnificent painting within the church, coming into the fold by thousands—thus the Mother of God herself became the patron saint of New Spain."

The original portrait, which has existed for over three and a half centuries, in a rich frame of gold, and recently surmounted by a crown of precious jewels presented by Madam Diaz, wife of the distinguished President, and other women of Mexico, is still to be seen in the church, and almost every Mexican, according to his means, has a copy of the portrait of more or less value, from cheap engravings to the most costly paintings.

The 12th of December is the day of Our Lady of Guadalupe; the day of the grand pilgrimage to this shrine. The roadways leading to Guadalupe present a most animated appearance, with their throngs of burros, carts and pilgrims from every part of the Republic. Along the side of the stairway leading to the top of the Guadalupe hill may be seen the celebrated stone sails of Guadalupe. Many years ago some mariners, fearing shipwreck during a storm at sea, made a vow to carry the sails of their vessel to the hill of Guadalupe and there encase them in stone and cement, as an offering to the Virgin if their lives were spared. Their bark came safely into port, and the fulfillment of their vow is to-day witnessed by these same sails.

The view from the top of the hill is well worth the climb. In the distance shines Lake Toxcoco, while Ixtaccihuatl (the Woman in White) and Popocatepetl, lift proudly their snow-capped heads, lost in the clouds that surround them.

On descending we drank from the Well of Guadalupe, for whoever drinks of this water is assured of another visit to Mexico. This completed the morning of our last day.

In the afternoon the ladies attended to the packing, while the male element went for a last stroll down Avenida San Francisco, hoping to catch a farewell glimpse of some of the dancing girls that had proved so attractive at the various theatres.

PRESIDENT TAFT ON LATIN AMERICA.

IN his message to Congress on December 7, President Taft referred at length to the conditions prevailing in the Latin American republics. The passage read as follows:

One of the happiest events in recent Pan-American diplomacy was the pacific, independent settlement by the governments of Bolivia and Peru of a boundary difference between them, which for some weeks threatened to cause war and even to entrain embitterments affecting other republics less directly concerned. From various quarters, directly or indirectly concerned, the intermediation of the United States was sought to assist in a solution of the controversy. Desiring at all times to abstain from any undue mingling in the affairs of sister republics and having faith in the ability of the Governments of Peru and Bolivia themselves to settle their difference in a manner satisfactory to themselves which, viewed with magnanimity, would assuage all embitterment, this Government steadily abstained from being drawn into the controversy, and was much gratified to find its confidence justified by events.

Fourth Pan-American Congress.

On the 9th of July next there will open at Buenos Aires the Fourth Pan-American Conference. This conference will have a special meaning to the hearts of all Americans, because around its date are clustered the anniversaries of the independence of so many of the American republics. It is not necessary for me to remind the Congress of the political, social and commercial importance of these gatherings. You are asked to make liberal appropriation for our participation. If this be granted, it is my purpose to appoint a distinguished and representative delegation, qualified fittingly to represent this country and to deal with the problems of intercontinental interests which will there be discussed.

International Agricultural Exhibition.

The Argentine Republic will also hold, from May to November, 1910, at Buenos Aires, a great International Agricultural Exhibition in which the United States has been invited to particiate. Considering the rapid growth of the trade of the United States with the Argentine Republic and the cordial relations existing between the two nations, together with the fact that it provides an opportunity to show deference to a sister republic on the occasion of the celebration of its national independence, the proper Departments of this Government are taking steps to apprise the interests concerned of the opportunity afforded by this exhibition, in which appropriate participation by this country is so desirable. The designation of an official representative is also receiving consideration.

American Investors Increasing.

Today, more than ever before, American capital is seeking investment in foreign countries, and American products are more and more generally seeking foreign markets. As a consequence, in all countries there are American citizens and American interests to be protected, on occasions, by their Government. These movements of men, of capital, and of commodities bring peoples and governments closer together and so form bonds of peace and mutual dependency, as they must also naturally sometimes make passing points of friction. The resultant situation inevitably imposes upon this government vastly increased responsibilities. This Administration, through the Department of State and the foreign service, is lending all proper support to legitimate and beneficial American enterprises in foreign countries, the degree of such support being measured by the national advantages to be expected. A citizen himself cannot by contract or otherwise divest himself of the right, nor can this Government escape the obligation of his protection in his personal and property rights when these are unjustly infringed in a foreign country. To avoid ceaseless vexations it is proper that in considering whether American enterprise should be encouraged or supported in a particular country, the Government should give full weight not only to the national, as opposed to the individual benefits to accrue, but also the fact whether or not the Government of the country in question is in its administration and in its diplomacy faithful to the principles of modera-

tion, equity and justice upon which alone depend international credit, in diplomacy as well as finance.

Government's Pan-American Policy.

The Pan-American policy of this Government has long been fixed in its principles and remains unchanged. With the changed circumstances of the United States and of the Republics to the south of us, most of which have great natural resources, stable government and progressive ideals, the apprehension which gave rise to the Monroe Doctrine may be said to have nearly disappeared, and neither the doctrine as it exists nor any other doctrine of American policy should be permitted to operate for the perpetuation of irresponsible government, the escape of just obligations, or the insidious allegation of dominating ambitions on the part of the United States.

Besides the fundamental doctrines of our Pan-American policy there have grown up a realization of political interests, community of institutions and ideals, and a flourishing commerce. All these bonds will be greatly strengthened as time goes on and increased facilities, such as the great bank soon to be established in Latin America, supply the means for building up the colossal intercontinental commerce of the future.

BRITAIN'S INTEREST IN THE ARGENTINE.

THE possible monopolization of the Argentine beef supply by the American beef trust is regarded as a serious danger to Great Britain by the Buenos Ayres correspondent of the London "Times," who has recently written that "a large share of the meat business of the Argentine, if it has not already passed, may soon pass," under the control of that combination. Britain's imports of frozen and refrigerated beef last year amounted in value to $51,541,900, of which the Argentine sent $30,514,630 worth, the United States $16,342,920, and all other countries $4,684,350. If, then, the Argentine is now the source of at least sixty per cent. of the

United Kingdom's imported beef supply, it may be a matter of some importance to have it kept free of monopolistic control by the beef packers of the only other country that exports beef in large amounts. The problem of feeding the British population in war time would perhaps be solved more surely if the two main sources of meat supply were wholly independent of each other.

The position of the Argentine Republic as a granary for Great Britain is also of increasing importance. Of the total foodstuffs exported last year to the United Kingdom from all countries, the Argentine furnished nearly forty-one per cent.—of wheat 34.2 per cent., of maize 54.5 per cent., of frozen mutton 30.8 per cent., and of refrigerated and frozen beef, as already stated, sixty per cent. As a food source for Great Britain the Argentine is passing, if it has not already passed, the United States, whose domestic consumption of food every year increases so fast that its export trade is losing the premiership in European markets, so long enjoyed by it. The other great granary of the United Kingdom, the Dominion of Canada, which is capable of enormous expansion as a producer of cereals, is under the British flag, and its economic interests are dominated by men who are likely to feel always a sentiment of attachment for the mother country.

British interests in the Argentine are less secure in the sense that the South American republic is not within the British empire, and that other great powers, such as the United States and Germany, have increasing interests in it, but British

investments there now total a prodigious sum. It is estimated that a billion and a half of dollars have been invested in the Argentine by British capitalists, over a billion of which have gone into national, provincial and municipal bonds, and a variety of railroad and industrial enterprises. As a source of dividends as well as a source of food this South American country has become of immense importance to the people of the United Kingdom.—*Springfield Republican.*

MR. KNOX AND MR. ROOT.

WHO will bring about in the very near future an informal, unofficial, confidential conference between Secretary Knox and Senator Root concerning the general policy of this government toward our Latin American neighbors? We are not thinking merely of Nicaragua.

There would be no impropriety in such a meeting. Mr. Root is not only Mr. Knox's predecessor in the management of our relations with the South American and Central American republics; he is also a member of the Committee on Foreign Relations in the existing organization of the Senate. More than that, he is the man who knows more than any other man living of the possibilities and significance of amity between our government and their governments and who has done as much as any man ever did to promote the desirable community of sentiment and interest.

Who will render this great service to the republics of two continents? Who will bring together, for a frank talk over the waning of the Pan-American idea, the distinguished Secretary of State and the eminent ninth member of the Senate Committee on Foreign Relations.—*New York Sun.*

NATIONAL RAILWAYS OF MEXICO REPORT.

THE annual report of the Ferrocarriles Nacionales de Mexico (National Railways of Mexico), which was given out December 11, says:

In the following statements, accounts, etc., the twelve months, July, 1908, to June, 1909, have been considered in all cases, although the actual physical transfer of the properties did not take place until the following dates: Hidalgo & Northeastern Railroad Company, Limited, December 31, 1908; National Railroad Company of Mexico, January 1, 1909; Mexican Central Railway Company, Limited, February 1, 1909. The results of the separate operation of the above mention properties for the time prior to their having been merged have, for obvious reasons, been consolidated as the operation of one property for the fiscal year July 1, 1908, to June 30, 1909.

The condensed statement of income account shows the results for the year as follows (in Mexican currency): Gross earnings from all sources, $48,805,522; total expenses of operation, $29,166,893; net earnings, $19,638,628; interest on securities owned, $1,092,371; other receipts, $293,723;

total, $21,024,723; from which deduct reserve for accrued depreciation of equipment, etc., $2,781,636; balance, $18,243,086; interest on funded debt and equipment and collateral trusts, etc., $16,975,943; leaving balance carried to profit and loss account, $1,267,143; 5 per cent. of net profits transferred to reserve fund, $63,357; guaranteed dividend on preferred stock, 2 per cent., $1,153,316; leaving as net surplus for the year ending June 30, 1909, $50,469.

President E. N. Brown says: "In view of the period of general trade depression which has been experienced in Mexico, as elsewhere, the low prices of metals and the partial failure of crops in certain districts, the earnings of your property can only be considered as very satisfactory."

The number of employes in the service of the company at the close of the fiscal year was 22,420. Of the total number, 1,350, or 6.02 per cent., were foreigners.

GROWTH OF THE INTERNATIONAL BUREAU OF AMERICAN REPUBLICS.

THE International Bureau of American Republics has carried on an important and increasing work during the last year. In the exercise of its peculiar functions as an international agency, maintained by all the American Republics for the development of Pan-American commerce and friendship, it has accomplished a great practical good which could be done in the same way by no individual department or bureau of one government, and is therefore deserving of your liberal support. The fact that it is about to enter a new building, erected through the munificence of an American Philanthropist and the contributions of all the American nations, where both its efficiency of administration and expense of maintenance will naturally be much augmented, further entitles it to special consideration.—*President Taft, to Congress.*

T. R. CRUMP

President Federal Banking Company, Mexico City.

AMERICANS are gradually gaining a prominent place in the banking affairs of Mexico. The banker whose portrait is presented on the following page is a native of Louisville, Ky., but has resided in Mexico for about a quarter of a century. He assisted in the organization of the United States Banking Company of Mexico City, and was president of that institution from 1902 to 1905, when he resigned and sold his interests. In 1907 he organized the Federal Banking Company and became its president. Besides making a success of this bank, Mr. Crump has car-

ried on a large private business and just recently was instrumental in consolidating a number of local productive enterprises, forming a large and profitable industry and greatly enhancing his financial prestige.

MEXICAN NOTES.

—The Kansas City, Mexico and Orient Railroad has asked the Railroad Commission to value its 200 miles of completed road in Texas, so that it may issue bonds to the amount of $2,000,000 on that part of its property. Construction is now in progress on the gap between San Angelo and the Mexico border.

—A line of steamers is to be run between the port of Acajutla, Salvador, and Salina Cruz, Mexico, in connection with the Salvador Railway and the Tehuantepec line.

The first steamer of 13,000 tons burden, built at the Newcastle docks, will be ready for service on January 1, 1910, and is to be equipped with first-class accommodations for passengers and freight.

With connections at Salina Crux, it is estimated that the trip to London from Salvador will be made in seventeen days. Weekly sailings are to be made from Acajutla, and the company is prepared to add as many vessels to the line as the needs of traffic may demand.

T. R. CRUMP
President Federal Banking Company, Mexico City.

—David E. Thompson, retiring ambassador to Mexico, has been elected president of the Pan-American Railway; E. M. Wise is vice-president and general manager; Ira Briscoe of Mexico City is treasurer.

—According to the latest information obtainable, George J. McCarty is president of the Commercial Banking Company, S. A., which opened in Guadalajara, December 15, and J. T. Crosby has been elected manager; George N. Blanton, cashier.

These gentlemen are well known in Mexico. They will make Guadalajara their home.

—In a recent report Consul Clarence A. Miller, of Matamoros, calls attention to the operations of an irrigation company which has undertaken the improvement and settlement of a vast tract of land lying in the lower Rio Grande and San Juan valleys, and points out the great opportunities offered to American manufacturers and merchants by the development of this near-by Mexican territory. He says:

The company owns some 2,000,000 acres in northern Tamaulipas, bordering on the Rio Grande and San Juan rivers, and has received a subsidy of about $6,000,000 gold from the Mexican Government to be used in the development of this tract and for the establishment of irrigation plants and the purchase of machinery. By the terms of its concession the company is bound, first, to irrigate a tract of 250,000 acres on the Rio Grande, and afterwards another tract of 350,000 acres on the San Juan, to furnish 30 inches of water yearly for each acre, and within the next five years to place 12,000 families on the land.

To solve the problem of settlers, a colonization company has been formed, which agrees to supply a given number of families each year from Europe, and families may even be brought from China and Japan to be placed on land that lies more than sixty miles from the American border. The immigrants will be permitted to settle in the tract without a cash payment, and will be allowed to pay for the land out of profits made from it. The probable cost to such settlers will be about fifty dollars gold per acre, a price which is much lower than that now brought by land on the Texas side of the river.

—About a year ago a number of school savings banks were started throughout the state of Oaxaca and they have proved to be very popular.

By the establishment of the savings department in the schools it is considered that a work of benevolence is being done the state in minimizing mendicity, destitution and pauperism, which must be the result as the training of the children is made manifest.

—Consul L. J. Keena reports that during the visit to Chihuahua of President Diaz,

after an absence of thirty years, a commemorative album was prepared by the authorities showing the growth in wealth and importance of the state during those years, from which he compiles the following statistics:

A statement follows showing the value of lands, business, industries, mines, banks, railways, etc., in the State of Chihuahua in 1877 and in 1908, in American currency;

Description.	1877.	1908.
Farm land	$750,000	$5,119,210
City land	825,000	4,775,642
Movable property	212,500	2,033,000
Mercantile business	300,000	2,451,315
Industries	37,500	462,295
Mining property	1,400,000	47,500,000
Public buildings	10,000	1,021,672
City bonds, free from tax	....	1,000,000
Industries, free from tax	....	1,250,000
Banks	....	6,000,000
Railways	....	29,520,000
Total	$3,535,000	$101,133,134

In 1882 there were 425 miles of railways in the state and in December, 1908, 1,223 miles. The volume of the present traffic on these railways can be estimated from the following statistics for the year 1906, the latest year for which such statistics are available: Passengers, $601,339; freight, $1,025,289.

The increase in the banking business is shown in the following comparisons:

Description.	1879.	1908.
Capital	$50,000	$5,750,000
Bank notes issued	45,000	2,500,000
Deposits and commercial accounts	17,500	6,750,000
Total	$112,500	$15,000,000

Mining production increased from $451,039 in 1877 to $11,504,274 in 1908.

—The Banco Mercantil de Monterey of Monterey, Neuva Leon, with a capital of $2,500,000, reported on November 30, resources of $13,474,349. This is an increase of over $200,000 over the figures for October 30.

GENERAL NOTES.

—Congress will be asked to grant a national charter to the proposed Pan-American Bank, which New York capitalists propose to establish with headquarters in New York and branches throughout Central and South America. The reference by President Taft in his annual message to such an institution is said to have been for the purpose of paving the way for such an application.

The granting of a national charter would be helpful to the promoters of the bank, it is said, in procuring national recognition of the branches by the governments in whose territory the respective branches are established.

—The Leopoldina Railway Company (Limited) has secured a concession from the Brazilian government to extend its northern branch as far as Rio de Janeiro and to build a line to connect with the port of Cabo Frio. The contract provides for the rock ballasting of the railway around the bay of Rio de Janeiro and to Petropolis, for its extension into Rio de Janeiro to connect with the new docks, and for a further extension to give through service from Rio de Janeiro to Victoria, the first important port north of Rio de Janeiro, and the capital of the State of Espirito Santo. The service to Victoria, which is to be completed within two years, is to include a sleeping and dining car service, the establishment of immigrant colonies, the founding of experimental farms, and the development of meat packing and similar establishments.

—On September 17, 1909, the office of president of the International Central American Bureau, located in the capital of Guatemala, was transferred to Señor Don José Pinto, delegate from Guatemala, in succession to Señor Don Ricardo J. Echeverría, delegate from Costa Rica.

This transfer was made in accordance with the rules of the organization on the

date fixed for the expiration of Señor Echeverría's term of office. Previous to his retirement the ex-president formally inaugurated the library and lecture room of the bureau.

—The British minister in Costa Rica reports that there are four companies, all American, mining gold in the republic, besides other concerns still in the pioneer stage, and one not at present working. The total output of gold during 1909 is estimated at a value of £250,000. In the Abangares district, about twenty miles north of the Gulf of Nicoya, two companies produce gold to the value of £18,000 a month.

—Vice-Consul Henry Caldera, of Managua, reports that exchange in western Nicaragua, which had reached 950 per cent. the first week of September, increased to 1,000 per cent. by September 25. The reason assigned for this advance is that the new issue of importation gold bonds, created by decree of September 1, to be sold by the Nicaraguan Government at 700 per cent., have been bought by a few speculators, who will not sell them except for sight drafts of gold currency. This abnormal and sudden increase in exchange has resulted in a considerable advance in the prices of general merchandise, with the corresponding additional depression in business.

—There arrived at Buenos Aires in September 161 steamers of 390,176 tons and fifteen sailing vessels of 18,616 tons; fourteen nations were represented, but not the United States. Only one small vessel flying the Stars and Stripes came to Buenos Aires in the first nine months of 1909, exclusive of government vessels.

—The directors of the Anglo-South American Bank of Buenos Aires, in their report for the year ended June 30, 1909, state that the accounts show a profit, including £43,505 brought forward, of £225,063. They recommend a final dividend of fives per share, less income-tax making a total distribution for the year of 9½ per cent. They propose to add £50,000 to the reserve fund, making the total amount thereof £800,000, to add £5,400 to the staff pension and guarantee fund, to apply £10,000 in reduction of bank premises account, and to carry forward the balance of £44,299.

—In a report to his home government the Peruvian consul-general at New York states that for the transaction of banking business between Peru and the United States a special department has been established in the National Bank of Commerce of New York. Connections have been made with the Bank of Peru and London and with the German Bank of Lima.

Banking firms in other sections of Latin America are also granted the necessary facilities for the transaction of business which was formerly carried on through European channels.

—By a presidential decree, Mr. Paul Beneyton is authorized to establish a mortgage bank in the capital of Paraguay with a capital of $2,9000,000. Operations may be begun when one-fourth of the capital has been subscribed, and, according to the charter, shall continue for fifty years, or at the discretion of the executive.

—During the first six months of 1909, the Bank of Venezuela, at Caracas, received $9,557,053 and paid out $9,296,864. The government had a balance to its credit of $237,980 on June 30. The net profit of the bank was $99,419 for the six months, and the dividend paid the stockholders was four

and one-half per cent. Of the 600 shares of stock only eighty changed hands during the six months. The stock at present is owned by 350 persons.

—The receipts at the custom-houses of Brazil for the first half of 1909 amounted to 117,090,349 milreis ($35,127,104), as compared with 129,566,248 milreis ($38,869,874) in the corresponding period of 1908. Of this amount 36,189,830 milreis ($10,856,949) were collected at the custom-house of Rio de Janeiro, 15,720,070 milreis ($4,716,021) at the custom-house of Para, and 10,790,491 milreis ($3,237,147) at Santos.

The internal revenues in 1908 amounted to 43,757,000 milreis ($13,127,100), against 46,393,206 milreis ($13,917,961) in 1907.

BUENOS AIRES CITY BANK BALANCES, AS ON SEPT. 30, 1909.

BANKS.	—DEPOSITS.—		—DISCOUNTS AND OVERDRAFTS.—		—CASH BALANCES.—	
	$ gold.	$ m|n..	$ gold.	$ m|n.	$ gold.	$ m|n.
Aleman Transatlantico ..	2,063,560	39,427,293	4,559,120	39,464,507	2,795,797	8,937,009
Anglo Sudamericano	820,278	6,797,580	856,102	18,216,357	350,083	2,947,833
Britanico de la America del Sur	2,055,067	40,414,791	2,511,240	37,389,595	2,947,833	7,018,465
Comercio (ex C. N. de Ahorros)	......	3,107,909	......	3,188,017	......	1,099,452
Espanol del Rio de la Plata	2,248,553	173,037,008	2,219,190	158,626,842	8,437,822	34,065,658
Frances del Rio de la Plata	8,259,654	51,682,135	5,670,581	74,798,301	3,908,492	11,805,075
Galicia y Buenos Aires..	32,606	10,326,753	14,792	11,400,409	23,128	3,046,346
Germanico de la America del Sur	957,549	4,487,899	1,503,036	12,059,740	449,283	950,586
Habilitador R. de la Plata	......	45,696	......	227,568	......	36,798
Industrial Argentino	1,553	272,430	......	695,238	8,964	129,116
Inmobiliario Argentino ..	......	339,317	......	1,113,179	......	204,841
Italia y Rio de la Plata.	2,031,026	81,619,150	3,789,133	66,040,680	3,133,001	12,435,199
Londres y Brasil........	611,958	9,860,155	2,152,908	11,794,861	309,006	3,340,582
Londres y Rio de la Plata	7,684,164	134,518,608	4,292,620	83,219,779	10,395,241	46,503,133
Nacion Argentina ....(1)	4,079,865	327,617,139	1,836,001	264,514,018	36,944,793	145,987,767
Nuevo Italiano	666,629	29,972,837	880,025	24,220,758	137,562	7,244,340
Popular Argentino	146,403	10,874,772	1,871	19,611,717	134,328	4,130,506
Popular Espanol	......	2,897,904	......	3,832,026	......	980,130
Popular Italiano	15,151	3,111,197	452	2,473,615	9,324	1,719,074
Provincia de Buenos Aires(2)	2,462,144	83,134,275	656,967	75,982,236	734,376	22,670,418
Totals	34,136,162	1,013,544,848	30,944,038	908,869,443	70,367,576	315,292,328

(1) Including judicial deposits for $356,063 gold and $42,039,678 paper.
(2) Including judicial deposits for $ 87 gold and $13,730,197 paper.

Compared with July and August, 1909, and September, 1908:—

	Sept., 1909.	August, 1909.	July, 1909.	Sept., 1908.
Deposits—Gold	$34,136,162	$29,388,292	$27,898,553	$24,257,974
Deposits—Paper	1,013,544,848	992,881,538	974,914,776	173,005,549
Discounts and Overdrafts—Gold..	30,944,038	29,985,209	29,740,498	30,018,301
Discounts and Overdrafts—Paper.	908,869,443	881,616,492	856,740,267	722,987,887
Cash Balances—Gold	70,367,576	66,737,498	51,941,919	44,662,978
Cash Balances—Paper	315,292,328	310,234,993	296,045,195	238,040,961

CURRENT OPINION

THE TIME TO TEST BANKERS.

ACCORDING to the "Review of Reviews," whoever popularized the phrase, "As safe as a government bond," caused an infinite lot of trouble. Just now the absolutely safe and popular bond is absolutely not the kind that people ought to buy.

By the bond dealer's attitude on this subject the investor can judge whether he is merely a trader, to be haggled with like any other merchant, or whether he is a member of the bond profession, to be consulted like one's family lawyer or doctor.

To illustrate picturesquely, take the very sound and professional advice in last month's circular from the oldest banking house in the United States. We sum it up as follows: The prices of the high-grade and well-known bonds, such as the railroad first mortgage kind—the things that in America take the place of "consols" in England and "rentes" in France—are pronounced to be too high. The bonds are emphatically not the kind to be purchased by a business man or an institution hoping to sell at higher prices later. Instead, one should buy either short term notes coming due in a year or two—or leave the money in the bank.

Here is real banking discrimination, not "boosting." It compares significantly with the circular from the same experienced firm exactly two years before, which declared that "conservative investment securities" (meaning the same first mortgage 4 per cent. railroad kind) "are cheaper now than they have been for the past nine years."

All the above, to any other well posted banker, sounds elementary—merely to be expected from a firm active for more than a century, and a pioneer and large factor in American railroad development. The truth is, however, that most financial folks, even among those that are well qualified to judge, do not commit themselves as strongly at the bottom and the top of the market. It is deemed unwise in many quarters—too much of "a concession to public opinion."

It takes nothing but arithmetic to figure that, with higher prices for milk and other things the bond owner must buy, he ought to pay less for his bonds, since their coupons call only for fixed amounts.

All this is highly suggestive. The man who buys Union Pacific first 4s now at 103 not only gets less than four per cent. on his money, but his passion for extreme safety will probably result in a letter to his financial editor in the course of two or three years similar to those now being received from owners of United States Government two per cents.

"I bought a thousand-dollar bond two years ago at 106. Now it is at par," writes one correspondent.

Another whose purchase was made in 1902 figures out that he now has a loss of $90 on every $1,000; yet he thought that nothing could be "as safe as a government bond."

At those very dates bonds could have been found yielding two and a half to three times as much as the government 2s, which to-day are selling higher—the quiet bonds, not unpopular, but non-popular.

Now that movements like this are the subject of timely warnings from those bankers who are professional, and now that daily, weekly and monthly publications are giving much space to the swings of money rates and their effects upon bonds as well as other things, there is less reason for the intelligent citizen, wherever situated, to feel finance a hopeless mystery.

FRENCH BANKS FINANCING AMERICAN ENTERPRISES.

S. M. PORTER of Caney, Kansas, member of the State Senate of Kansas and president of the Cherryvale, Oklahoma and Texas Railway Company, while in Paris recently perfecting the arrangements for the financing of his road by two Paris banks, granted an interview to a Herald reporter in which he said:

The attitude of the French financial world toward American investments is becoming more favorable to America constantly. This is the first American railway which has received financial support in France in many years. In some inexplicable way Frenchmen managed to blame the United States for the Panama Canal scandal of several years ago. The financiers and engineers lived in France, but because the Isthmus of Panama is American territory—and to make no distinction between North, South and Central America is a fault frequently encountered in Europe—the scandal gave rise to a prejudice against business enterprises in the United States.

Financiers in England and Holland have furnished most of the capital for new railway enterprises in the United States in recent years. Now, however, French bankers

are beginning to see that there is safety in investments along conservative lines in our country. The better acquainted they become with conditions in America the greater their confidence in our enterprises. Eventually France will do most of our financing, because there is more gold there than in any other European country. The restoration of confidence augurs well for the future commercial relations between the two nations.

The fact that American business enterprises seek capital in Europe is no reflection on the stability of financial conditions at home. But the United States is so tremendous geographically, and so many sections are being developed that more than our own available capital is required. As a matter of fact, we are enjoying almost unprecedented prosperity. This is true particularly of the Middle Western States. In agricultural Kansas the prosperity is almost too great for our own good. For several years the crops have been so extensive that the farmers are receiving prices for grain that almost work a hardship on the consuming laboring man.

But the farmers are growing wealthy. In Kansas they ride to the towns in their own automobiles, they have telephones in their homes and the free rural mail delivery brings them the daily newspaper every morning.

DR. WU ADMIRES PRESIDENT DIAZ.

DR. WU TING FANG, the retiring tiring Chinese minister to the United States, Mexico, Cuba and Peru, is greatly impressed with his recent visit to Mexico. Speaking of Mexico and its president, Dr. Wu had this to say on his return to Washington:

Mexico is a splendid country and President Diaz is a great man. I saw much of him while in Mexico. He has done a great deal for his country. His country is thriving under his direction of the government. There is a great opportunity for development in Mexico and industries are advancing there.

TREAT ON CURRENCY LEGISLATION.

DISCUSSING "Prospective Financial Legislation" before the New Bedford, Mass., Board of Trade, Charles H. Treat, former United States Treasurer, said in part:

General statements of the importance of amendments to the existing law seem to have been used for the purpose of encouraging criticism or suggestions as to the prevailing sentiment of the press and the people at large as to the proposed legislation. It seems quite certain that the public is in no mood to accept anything but the most conservative changes and those changes must be on lines with regard to existing currency conditions; that such amendments that may be proposed must be dovetailed and supplementary to the present monetary system. Americans are notably conservative in anything with regard to radical financial changes, and they prefer a long time to thresh out the ills and benefits that might accrue.

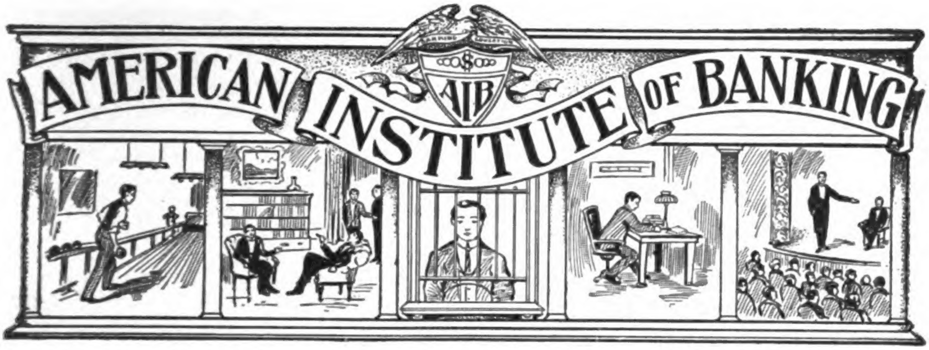
COUNTRY NEEDS POSTAL SAVINGS BANKS, SAYS PRESIDENT TAFT.

PRESIDENT TAFT'S tip on postal savings banks, as embodied in his message to Congress, is but a repetition of his campaign utterances and is stated in his usual style.

The second subject worthy of mention in the Postoffice Department is the real necessity and entire practicability of establishing postal savings banks. The successful party at the last election declared in favor of postal savings banks, and although the proposition finds opponents in many parts of the country, I am convinced that the people desire such banks, and am sure that when the banks are furnished they will be productive of the utmost good. The postal savings banks are not constituted for the purpose of creating competition with other banks. The rate of interest upon deposits to which they would be limited would be so small as to prevent their drawing deposits away from other banks.

I believe them to be necessary in order to offer a proper inducement to thrift and saving to a great many people of small means who do not now have banking facilities, and to whom such a system would offer an opportunity for the accumulation of capital. They will furnish a satisfactory substitute, based on sound principle and actual successful trial in nearly all the countries of the world, for the system of government guaranty of deposits now being adopted in several Western States, which with deference to those who advocate it seems to me to have in it the seeds of demoralization to conservative banking and certain financial disaster.

The question of how the money deposited in postal savings banks shall be invested is not free from difficulty, but I believe that a satisfactory provision for this purpose was inserted as an amendment to the bill considered by the Senate at its last session. It has been proposed to delay the consideration of legislation establishing a postal savings bank until after the report of the Monetary Commission. This report is likely to be delayed, and properly so, because of the necessity for careful deliberation and close investigation. I do not see why the one should be tied up with the other. It is understood that the Monetary Commission has looked into the systems of banking which now prevail abroad, and has found that by a control there exercised in respect to reserves and the rates of exchange by some central authority panics are avoided. It is not apparent that a system of postal savings banks would in any way interfere with a change to such a system here. Certainly in most of the countries in Europe where control is thus exercised by a central authority, postal savings banks exist and are not thought to be inconsistent with a proper financial and banking system.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

INSTITUTE DEVELOPMENT.

By Newton D. Alling, President of the American Institute of Banking.

THE policy of a definite and systematic method of education in Institute work, as announced a year ago, is being developed and producing results which are tangible. Since the administration of the Institute has been thrown upon the members themselves, there appears to have arisen within the ranks a more decided spirit along educational and administrative lines.

A New Spirit in the Institute Work.

During my predecessor's term, which was the first of the new regime, a decided set towards educational advancement was noticeable. The crystalization of the thought of the general membership under the guidance of the Educational Committee appointed by him, the discussion of what to accomplish, and how to accomplish it, as started by the committee, has done not a little toward this end. That the result has proved worthy of the effort is evidenced by the before mentioned general trend towards accomplishing something definite, one of the specific tokens of which was the granting of forty odd certificates or diplomas. That, in past years great advantage has been derived by the individual members of Chapters from institute and chapter work, is acknowledged, but the desire to secure the actual evidence thereof, or parchment, seemed to be wanting or at least smouldering.

Knowledge and ability can only be inventoried in one way, and that is by examinations, and if one will not take them, he must expect to remain unlabeled.

Some very practical men maintain that

NEWTON D. ALLING

Of The Nassau Bank of New York, President American Institute of Banking.

the only measure of knowledge and ability is success, that the knowledge and ability used to wrest from nature and environment the wherewithal to meet a man's rent and grocer's bill, and to nurse his declining years, spells success. Without denying that, we maintain that it is often necessary for the young applicant to have some evidence of his accomplishments to display. The substance of all of which is that the prime motive of the American Institute of Banking is the education and training of its members in certain lines of knowledge, having a direct bearing on their profession, and the issuance of certificates to individuals to bear testimony as to their proficiency in those lines. We are congratulating ourselves on the fact that so many of our members are realizing its importance, not to say necessity, and we hope that bank men throughout the country who are not already allied with the Institute, will at once come into the fold.

The Chautauqua Method.

There is now ready and prepared for delivery to chapters, a series of lectures, covering commercial and banking law, which is calculated to ground anyone in the fundamental principle of law as applied to contracts, commercial paper, and negotiable instruments generally. A chapter, upon organization and application for a charter, may apply at once for this course. One of the members of the chapter is to be delegated to read it aloud to the chapter as a class, or an outsider may be engaged.

This puts the facilities of the Institute in the reach of every chapter, no matter how small. A course of lectures covering banking and finance is being prepared, and when it is ready for delivery, there is no reason why every member of every chapter should not gain the Institute certificate.

There are many cities which have no chapter, and it is hoped that applications will be received from many of them in the near future.

The last annual convention at Seattle was a marked success, despite its being in the extreme West. It gave the Pacific coast a chance to show its full strength, which it did besides an abundant hospitality.

Prizes to be Offered at Chattanooga Convention.

The next convention is to be held early in June, at Chattanooga, and the promise is for a most interesting and enjoyable gathering of Institute men. Not the least important feature of this programme will be the awarding of prizes in four separate contests, involving an aggregate of $500, to be distributed.

Mr. Joseph Chapman, Jr., of Minneapolis has offered $100 for the best ten minute impromptu speech on any one of five subjects. The subject to be drawn at the time the candidate takes the floor. The subjects are "Agriculture," "The Tariff," "Trusts or Combinations in Business," "Immigration," and "Guarantee of Deposits." This contest presents so many novel features that it should afford our members an excellent opportunity for displaying their forensic powers, and to the convention a very interesting session.

The Institute offers $150 for the two best papers on the subject of a Central Bank. The papers should contain about 5000 words, and be confined to the principle involved, and the advantages to be gained or lost by the establishment of such an institution.

The writers may take either side of the question, but are cautioned against giving any space to the detail of organization.

The papers are to be submitted to the Educational Director at No. 11 Pine street, New York, by the middle of April, when a committee of judges will select the four best to be read at the convention, the final decision to be rendered there.

A prize of $150 is offered by the clearing-house section of the American Bankers' Association for the three best papers setting forth the advantages of the system of numbers and forms, to be used in the transit department of banks.

A prize of $100 is offered by the Eastern Townships Bank of Canada for the best paper on the Canadian banking system.

There should be produced some very good material, with these prizes as an incentive, and they should be an important feature of the convention. Arrangements are already being made for the transportation of the delegates and the programme committee will soon have a preliminary announcement to make, which means that all candidates for the prizes must be up and doing.

The Institute is still maintaining its record of advancement, both materially in membership and spiritually in the growth of educational work and enthusiasm.

New York Chapter is making its record in attendance this year, and I think it is doing its best work in the best manner. My information is that the same condition holds in all other chapters, and I hope we will see the time, not far distant, when the Institute is represented in every bank in the country.

INSTITUTE ACTIVITIES.

NEW YORK HAS A ROUSING MEETING.

NEW YORK Chapter, American Institute of Banking, was addressed on the evening of Thursday, December 9, by Alexander Gilbert, President of the Market and Fulton National Bank; Pierre Jay, vice-president of the Manhattan Co., and the Hon. O. H. Cheney, Superintendent of Banks of New York.

Mr. Gilbert took for the title of his address, "Facts and Fancies," and Mr. Jay spoke upon the question, "Are the Existing Savings Bank Systems of the Country Adequate?"

Mr. Jay was formerly Commissioner of Banking of the state of Massachusetts and is thoroughly conversant with banking in all its branches. His opinions were listened to, therefore, with more than respectful attention. His statement that the monetary commission had under consideration a plan for the segregation of savings deposits in national banks and the setting aside of special assets of tried worth to secure them, came as a pleasant surprise to most of his hearers. Certainly the value of such an object lesson presented to every state legislature in the country would be inestimable, whether or not as he believed such a plan would bring out the hoarded dollars, is somewhat open to question. It is doubtful if the man who hoards is broad minded enough as a rule to investigate the laws under which banking is conducted, either under national or state supervision.

Mr. Gilbert, who perhaps is as near to the heart of New York Chapter as any banker in the city, spoke as he always does —optimistically. He went down deep into his years of experience in the profession and compared the mighty strides in banking made in the last two decades with the equally mighty strides made by the country at large. His appeal was made for a recognition of the personal equation.

He drew a picture of the evolution of the independent Anglo-Saxon thought and placed there the responsibility for the progress shown by this nation in the short history of less than a century and a half. He took issue with the politicians in his remarks upon the wastefulness of many of our municipal administrations, particularly that of New York City. That was the one dark spot, he said, in the splendor of the Hudson-Fulton celebration. He regarded it as particularly unfortunate that the visiting foreigners, who were so deeply impressed with our magnificence as a nation, should also have been witnesses to the disgraceful exposures of political extravagance and graft that were in evidence at the same time.

He spoke upon the educational value of travel as a means of seeing at first hand in all sections of the country the business ability which is the heritage of the whole American people. The great West and Northwest, he said, have had more than their share of growth and development and their people, as never before, are able to provide themselves with comforts and conveniences. Agriculture, as he expressed it, is the foundation of all our wealth, and every tick of the watch adds $150 to the wealth of the nation.

Following the address of Mr. Gilbert, Mr. Dey, one of New York Chapter's past presidents, called for a resolution congratulating Mr. O. H. Cheney upon his appointment by the Governor to be Superintendent of Banks. Mr. Cheney has always been one of the most active and enthusiastic members of the chapter, and amid cries of "Speech! speech!" he took the platform to reply to the good wishes of the chapter. He spoke briefly upon the history of the Banking Department during the eventful term of his predecessor, Mr. Williams, and expressed the hope for future continuance of the same high standards and ideas and the continued co-operation of conservative bankers to further the aims of the Banking Department.

H. L. TOMPKINS.

BALTIMORE.

IN a speech before the members of the chapter at the open meeting in November, Sereno S. Pratt, secretary of the Chamber of Commerce of New York and former editor of the "Wall Street Journal," said the United States should invest more of its money abroad. His subject—"The Geographical Distribution of Investments" —was one which gave plenty of food for thought and was very much enjoyed by those present. He added:

"That the investment increase in the United States from 1900 to 1904 was $25,000,000,000.

"The geographical distribution of capital is best in France. The country has its capital invested in all parts of the world, and in this country alone it had invested last year millions of dollars in 169 different enterprises. German capital is making itself felt with each succeeding year, and even Holland has her millions in American railroads and other industries.

"But the investment interest of this country is chiefly national. We have investments in Mexico, but we are way off in a good geographical distribution of investments."

Following Mr. Pratt, Mr. Cohn, secretary of the Consolidated Gas Company,

spoke on natural gas. He showed us how the gas was contained in the earth, how it was transported to the cities and other points, of which we had but a hazy idea. The meeting was brought to a close by an informal smoker.

The programme so far this season has met with unbounded success. Both courses, "The Finance" and "The Commercial and Banking Law," have become very popular among the younger men, which augurs well for renewed interest and energy.

Our year book has been published and distributed and from the number of testimonials that have been received we certainly can feel proud that it has met with such success.

On Thursday, November 18, the chapter held its first "Ladies' Night," which proved such a success that it will be made an annual affair. The fore part of the evening was consumed by a musicale, in which some of our best local talent made its appearance. After refreshments had been served the floor was cleared for dancing.

Clarence R. Evans, former general bookkeeper of the National Union Bank, has been elected cashier of the German-American Bank, and Raymond B. Cox, our president, has been elected auditor of the First National. They have the good wishes of every member of the chapter in their new capacities. CARL E. WAGNER.

PITTSBURGH.

Cattel on "The Natural Resources of the Country."

EDWARD JAMES CATTEL of Philadelphia possesses all the qualifications essential to a lecturer. On November 23, Pittsburgh Chapter, American Institute of Banking, was singularly fortunate in having this eminent writer, traveller and public speaker discuss the question of "The Natural Resources of the Country." The lecture, delivered without the encumbrance of notes, was intensely interesting, most instructive, and by reason of frequent references to foreign climes, countries and peoples kept a good audience attentive from first to last. It was, in fact, such a lecture as can be delivered by one only to whom the conditions, social, political and economical of many foreign countries are familiar. The lecture, therefore, was greatly enjoyed and highly appreciated.

The idea that the country is running down and that within so many years our great natural resources shall be "exhausted," has no place in the optimistic make-up of the editor of "Philadelphia." That there had been some wasting of the gifts of a beneficent Providence—especially during the last fifteen years—was true; it was, however, equally true that the superabundant riches of America remained virtually intact. The lecture was punctuated by arrays of facts and figures which carried conviction.

The lecturer spoke of a trip made about forty-five years ago across the continent, the time consumed and the difficulties and inconveniences of the journey. He showed, in contrast, the speed, facility and pleasure of travelling from coast to coast at the present time. Railroad enterprise had opened up the country extensively and the "American desert" of three decades ago was now smiling farm land. The government of today was willing to bestow upon reputable settlers millions of acres of land, which, under proper care, would be productive, and so add very materially to our wealth. Railroad accommodations were even yet, after years of tremendous expansion, entirely inadequate for the needs of the farmer. "The cries of the modern alarmists," said Mr. Cattel, "have a common origin, they are taken up and repeated, and betray an unaccountable lack of thought on the part of those who make them." This wail about "exhausting" the resources of the country was heard thirty years ago.

A strong plea was made for the extension of the railroad system throughout the country. Irrigation and the bridling of the rivers were schemes which should be pushed without stint; they would effect a transportation on arid sections, and the great benefits which would accrue to America from the extensive employment of these powerful agencies would be both numerous and important. Here again the lecture bristled with facts, and data respecting past accomplishments along the lines referred to was presented to sustain the contention of the speaker.

The manner in which American manufactures were invading foreign markets was illustrated in a practical way by the lecturer, who drew vivid word pictures of what his eyes had seen and his ears heard thousands of miles beyond the confines of his native land. And Edward James Cattel is a patriot. An indefinable feeling of pride and joy was invariably his, when, after long sojourneying, his eye would rest once more upon his own native shores. American citizens should be proud of their heritage. He had witnessed the restrictions placed upon citizens and subjects of foreign countries. But in these free states the danger was that the "sovereign rights" of the citizen might suffer from neglect or underestimation. Each citizen had a responsibility and a duty. To fulfill that duty called for the best in the individual. The smallest action has a far-reaching effect. The lecture closed with a quotation from Abraham Lincoln, whose personal friendship had been the proud possession of the lecturer.

WILLIAM J. KERR.

PHILADELPHIA.

At the regular session of this chapter on December 3 two important announcements were made.

At a meeting that afternoon, of the Executive Council of the Pennsylvania State Bankers' Association, it was decided to recommend at the next annual convention of that body that membership be accorded to our chapter. This would add about five hundred to their register, and would be of benefit to us, inasmuch as it is a recognition of the value of the educational work being done.

Also, largely through the instrumentality of Mr. Wm. A. Law, a fund has been contributed by the Pennsylvania State Bankers' Association for the purchase of a silver cup to be competed for yearly, and offered as a prize to the best debating team. The chapters of the state, including the Correspondence Chapter, are eligible to enter the contest, and after a process of elimination, the two having the highest standing will debate at the annual bankers' meeting.

The speaker of the evening was Hon. Hampton L. Carson, formerly attorney-general of the state.

His familiarity with historical facts and his ease and earnestness of manner held the close attention of the audience. The applause indicated the appreciation of those present.

He related those traits in Penn's character developed in boyhood that characterized his life and made him such an able statesman. His courage in conducting his own case when accused of seditious preaching, the benefits he received from acquaintance with John Knox, Algernon Sidney and John Milton, his pugnacity as shown in Oxford were described.

Receiving from King Charles II the grant of the territory so wisely governed by him, he arrived here with his followers in 1682. The Dutch and Swedes had already occupied the country for fifty years; and life had taken on a decided form. This was really the last but one of the thirteen original colonies to be settled. Penn attained renown through his wise judicial and economic measures, which are retained to this day. He introduced the ballot. He gave the colony an assembly selected by the people, provided counsel, and trial by jury. The recording of deeds was started. Public schools were established.

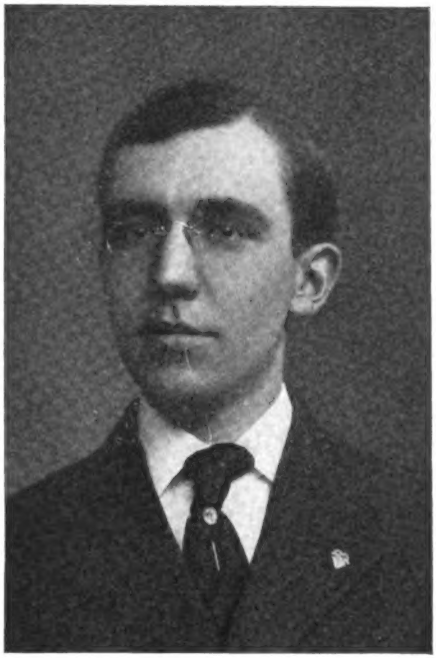
Referring to the articles of Penn's draft of government, Mr. Carson read the following:

"Any government is free to the people under it when the laws rule and the people are a part of these laws, and more or less than this is treason and tyranny."

"I hope these words of Penn may some time be engraved on plates and placed in the corridors of our city hall," said Mr. Carson, "so that all the people may read them and learn to know them and live them."

The attendance at our meetings continues to be very good. Much interest is taken in the Commercial Law class, which is now studying the subject of contracts. And the debating section is a feature of the year's work. The questions for this month are: Resolved, that the United States Government should proceed at once to the extensive improvements of the inland waterways of the country; and: Resolved, that the United States should subsidize the American merchant marine.

Arthur R. Elmer.



FREAS BROWN SNYDER
A Prominent Institute Man Recently Elected Assistant Cashier of The Merchants National Bank of Philadelphia.

TACOMA.

By far the most successful meeting of the year, both from a social as well as an educational standpoint, was held on the evening of December 9, at the Commercial Club.

C. A. Brower tendered his resignation as president of the chapter. Mr. Brower has resigned as assistant cashier of the Na-

tional Bank of Commerce to become vice-president of the Puget Sound Savings Bank, thus forcing the chapter to accept his resignation, much to the regret of all the members. Mr. Brower has worked hard, along broad lines, bringing the chapter through many hard struggles but always with success smiling upon his labors. Under his able leadership the chapter has become a social factor with Tacoma bank men and is starting educational work in a most promising manner, aided by many of the city's best attorneys.

The Puget Sound Savings Bank is most fortunate in securing Mr. Brower and should now take its right place amongst the savings banks of the Sound country.

After finishing the business of the evening the meeting was turned over to P. C. Kauffman and Louis W. Pratt. Mr. Kauffman gave a very interesting talk on the relationship of the American Bankers' Association and the Institute, at the conclusion of which he took the opportunity of thanking Tacoma chapter, on behalf of the officials of the Tacoma banks, for the manner in which the local chapter handled the debate at Seattle.

Mr. Pratt, the principal speaker of the evening discussed "City Development." Proud of Tacoma's rapid advance and many commercial achievements, yet realizing her shortcomings and their remedies, Mr. Pratt swung his audience along in a manner typical of the great booster he is.

At the close of Mr. Pratt's talk his hearers were directed to the club dining room where a very dainty repast had been prepared.

A. W. Fell, *Secretary.*

CHAPTER NOTES.

—Terre Haute (Ind.) Chapter, at its November meeting, took up the study of contracts. A thorough discussion of the elements of a contract was contributed by W. A. Wilson, assistant cashier of the Terre Haute National Bank. Much interest is being manifested among the members in the series of talks which is being given on the essential elements of banking.

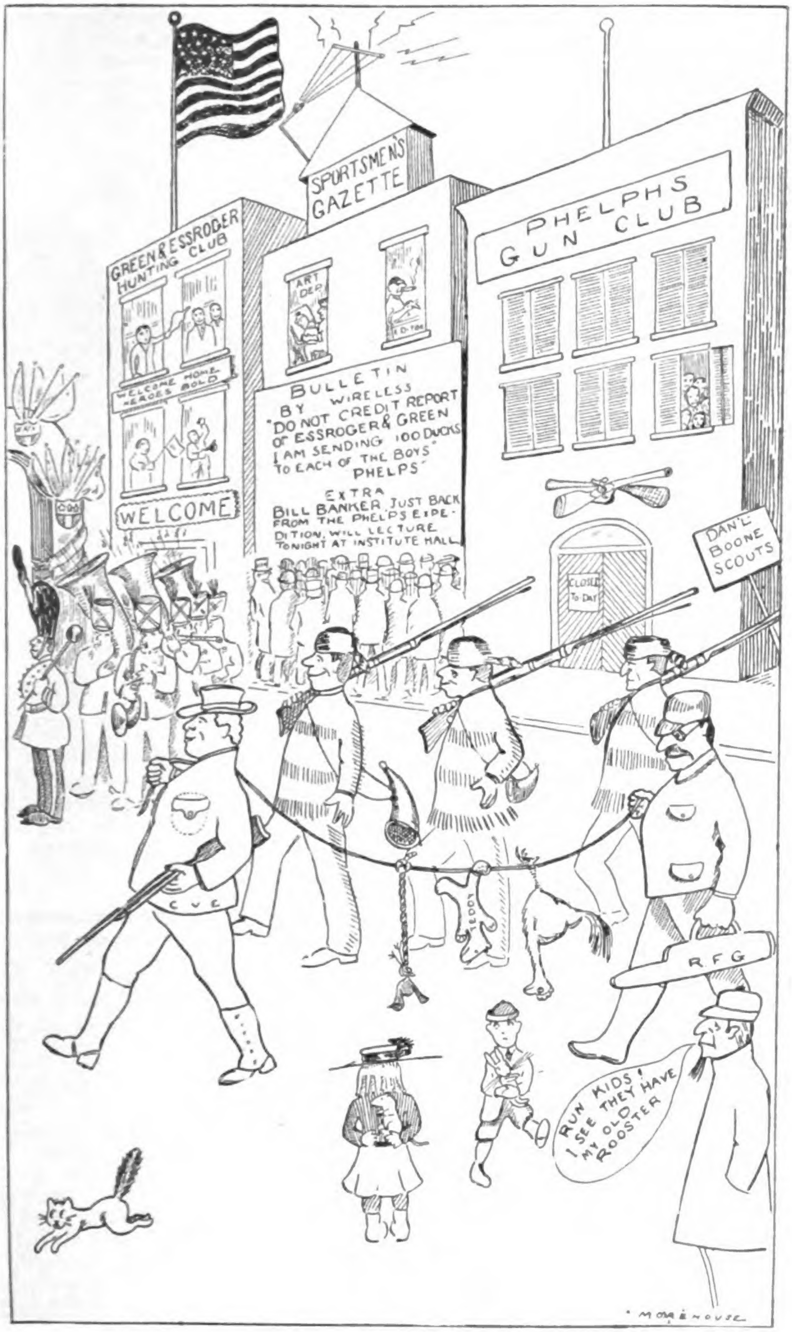
—At the November meeting of Providence Chapter, William F. Winters of Fall River, assistant treasurer of the Citizens Savings Bank and treasurer of the Lafayette Cooperative Bank, delivered an address on "Savings Bank Life Insurance," and Newton D. Alling of New York, president of the American Institute of Banking, talked on "The Institute and Its Benefits." About fifty were present.

—Professor Kennedy of the University of Chicago recently delivered an interesting and instructive lecture on "Economics" before the Chicago Chapter. He said in his lecture that one reason why South America had not kept pace with North America in industrial growth was that while the resources of the respective continents were about the same, capital would not seek countries where there was a possibility of revolution at any moment.

—The second regular meeting for November of Minneapolis Chapter was held November 23, with a record-breaking attendance for the season. Joseph Chapman, Jr., vice-president of the Northwestern National Bank, was the speaker for the evening, and reviewed in an interesting manner the agitation for a Central Bank. He expressed himself as in full accord with the views set forth by Senator Aldrich during his recent visit to Minneapolis.

—Cleveland Chapter's first annual minstrel show was given on the nights of November 18, 19 and 20, and proved to be a huge success. C. F. Bruggemeir, Paul L. Chase, W. H. Fowler, Walter G. Jones and the Cummins brothers, "boy sopranos," were the soloists, and they were assisted by a large, well-trained chorus. There was plenty of dancing and no end of fresh jokes. In the olio, Grant Smith, H. W. Horton and Tracy L. DeForest presented with credit a farce entitled, "The Betters Bettered." George Lomnitz, Frank H. Zurlinden and F. W. Hinz did "A Musician's Studio," and P. W. Simley gave impersonations. The black society double sextet danced and sang well, while "Billy" Broad, in a monologue, with singing and dancing, was the individual hit of the show. The end came with the afterpiece, "Southern Pastimes." The costuming of the principals and chorus, forty-six in number, and the staging for the show were elaborate.

—New York Chapter has organized an Alumni Association with the following officers: President, O. H. Cheney; vice-president, Jason A. Neilson; secretary, Milton L. Wicks; treasurer, George L. Pegram. A movement is on foot to make this a national organization when the convention meets at Chattanooga in June. Lectures for the month of January have been announced as follows: January 6, the third lecture on "Banking Law," by Professor Tompkins; January 13, an illustrated lecture by James G. Cannon, vice-president of the Fourth National Bank, on the "Mechanism of a New York Bank"; also an address by Robert H.



RETURN OF THE MIGHTY HUNTERS

A Cartoon that appeared in "The Review," a magazine published by employees of the First National Bank of Chicago, and intended to portray the return of Messrs. Essroger, Green and Phelps from their annual slaughtering tour.

CHARACTERS FROM LOS ANGELES' PLAYLET

From left to right:—A. S. McKinnon as Carmencita O'Flaherty; C. F. Seidel as Montmorency de Belleville; Ray Church as Don Gonzales; Carroll Johnson as the Messenger Boy.

Roy, district attorney of Brooklyn, and a paper by R. P. Kavanaugh, State Banking Department, on "The Central Bank"; January 20, Professor Green's fourth lecture on "Finance"; January 27, Mr. Fisher's fifth lecture on "Banking Practice."

—To date twenty-eight chapters are taking the regular class work under what is known as the Chatauqua method. Under this system of instruction, as all may know, some chapter member is appointed to read the serial lectures and conduct quizzes in connection therewith. Amateur instructors thus appointed are supplied with a key to quizzes for their personal use. Under this plan authority to conduct preliminary and final examinations for Institute certificates is not delegated, but such tests are conducted from the Institute general office. For each preliminary and final examination so conducted a charge of two dollars is made.

—A. L. Abbott lectured before St. Louis Chapter on December 7 and 14, on the subject of "Commercial and Banking Law."

—Los Angeles Chapter, with the assistance of a number of sweet-voiced señoritas, presented on the evenings of November 4, 5 and 6, a two-act operetta entitled, "When the Gringo Came." There was an abundance of tuneful music, clever dancing and clever impersonation, which carried the comedy through to a brilliant success. The scene was laid in San Diego, in the year 1769, when Henry of Spain held sway in California. This setting gave the opportunity to people the stage with Indians, Mexicans, priests and Spaniards, and several of the musical numbers were along the same line. T. J. Flinn as Bright Alfarata, an Indian maiden, was one of the head liners of the production. The libretto was written by Charles Saxby, and the music composed by P. H. Kaufman, both of whom spread them-

selves and their fellow chapter members with glory.

—Houston chapter, No. 1, of the Texas chapter of the American Institute of Banking, has been organized, with a charter membership of 114. Denton W. Cooley is president; Walter Hilliard, vice-president; Paul Taylor, secretary; E. C. Reinhardt, treasurer.

—Spokane recently held an adding contest, both with the machine and without, at which some speedy work was reeled off. W. E. Lavendol of the Old National added eight columns of figures totaling $733,495,-536 in thirty-eight seconds; W. R. Walker of the Traders National finished second. A. L. Lindblad of the Traders National won the prize for listing one hundred checks on the machine, while Charles Ham of the Exchange National finished second, and W. E. Lavendol, winner of the first contest, third.

—The Oakland chapter is putting into effect some very practical methods of learning the details of commercial law and banking. On the evening of December 7 a mock trial was held for the purpose of demonstrating the legal procedure in a suit over the raising of a check. The check that was introduced in evidence had been passed through various banks in the city in the regular way, so it bore all proper endorsements and stamps. A well known attorney of San Francisco presided as judge, but the jury, plaintiff, defendant and attorneys for the opposing sides were drawn from the ranks of the bank clerks.

WHAT THE AMERICAN FARMER CAN DO.

SECRETARY OF AGRICULTURE WILSON, in his annual report, puts it with picturesque truth when he says the value of farm products has become so incomprehensibly large that it is merely a row of figures. It must be admitted that the figures which the Secretary gives for this year are most imposing. The grand total for all crops is placed at $8,760,000,-000, which is an increase of $869,000,000 over 1908, which was the banner year up to that date. Some of the items of the 1909 exhibit are: Corn, $1,720,000,000; cotton, $850,000,000; wheat, $725,000,000; hay, $665,000,000; oats, $400,000,000; potatoes, $212,000,000; tobacco, $100,000,000. Corn, as usual, remains "king" of the agricultural domain, with cotton a good second and wheat a lusty third; while hay, always a big factor, and not infrequently ranking second or third, takes fourth place. However, prices as well as large yields have an important bearing upon the situation. At present grain and cotton rates are exceptionally high, and this fact, added to the prolific harvest in nearly every direction, makes the total far in excess of any values heretofore attained. The American farmer is fortunate beyond most of his kind. A succession of good harvests and high prices has made him the "solid man" financially of the country.—*Troy (N. Y.) Times.*

BANK FORMED TO OPERATE IN HAITI.

MINISTER H. W. FURNISS, at Port au Prince, sends the information that on October 5 the articles of incorporation were approved and license to do business in Haiti was granted to a banking concern styled Banque Haitienne, to operate under the Haitien laws. In the articles of incorporation the only names which appear are H. C. Staude, German, of the local firm of G. Keitel & Co., and Joseph E. Freeman, a lawyer of New York.

HON. W. S. FIELDING
Finance Minister of Canada.

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 253 Broadway, New York.

Conducted by T. D. MacGregor.

"ORIGINALITY" IN BANK ADVERTISING.

How With "That Different Copy" a Savings Bank Increased Its Deposits.—By G. P. Blackiston, Advertising Manager, People's Savings Bank, Pittsburgh, Pa.

AS Goethe most aptly put it, "The most original men are not so because they advance what is new, but simply because they know how to put what they have to say as if it had never been said before." This is especially true of savings bank advertising—a branch of advertising which, because of its limitations, has been so thoroughly exploited that any innovation is somewhat surprising.

The great American mass loves novelty in any form, whether it be in the nature of its amusements or in the more serious things, such as finance. Ample proof of this is found in the large number of persons who are ever on the hunt for a man with a novel idea and spend large sums in advertising for such ideas. The reader may say that it is a far cry from novel amusement devices to savings bank advertisements, and may refuse to admit that the same line of thought prevails in both cases. This inherent and distinctive national trait is, to a psychologist, as plainly defined as this printed page and it behooves the advertising man to recognize and cater to it.

Savings bank advertising is a difficult proposition. Accurate tracing of results is almost impossible, so that the merits of any one style of copy are hard to determine. Then, again, the banks expect to get some return for the money spent, but won't permit the use of commercial methods. They say that wouldn't be dignified. There you have the problem that the financial publicity man is up against.

The accompanying illustrations show how one man handled this situation. No descriptive remarks are necessary—the advertisements tell the story. Some people may say that there is nothing original or novel about the "watch it grow" idea, which may be true, *but* it had never been used before in financial advertising nor treated in just this particular way.

That it was effective was proved by the fact that before the series was half through new accounts were opened by people who spoke of being influenced by the "growth" argument which is so vividly presented in the series. The chief merit of the series lies in getting away from the "generality" line of talk so prevalent in savings bank publicity.

Personal contact with depositors has shown that an understanding of the workings of the law of interest is the greatest factor in inducing them to start an account. This, coupled with a statement of the security afforded by the financial condition of the bank, was the idea conveyed by the series, which has been pronounced by acknowledged experts to be one of the best examples of savings bank advertising in this country.

"Watch Him Grow."

IMPROVEMENTS IN BANK ADVERTISING.

By C. L. Chamberlin, Osseo, Michigan.

ABOUT eighteen months ago I was engaged in writing a series of articles on Bank Advertising for THE BANKERS MAGAZINE, and thus had occasion to make a thorough study of this branch of publicity as it then existed. I found many of the banks which one might designate by the term "progressive" already engaged in planning and carrying out up-to-date advertising campaigns in much the same manner as other business houses. They were conducting the work with full equipment of newspaper ads., creative and directive, supplemented by form letters, folders, booklets, house organs and all the other pieces of printed or written matter usually made use of by up-to-date business houses.

On the other hand, there were many of the older, more conservative banks that did not believe in advertisng their business. They fell back upon the old thread-bare excuse so long used by finanical and professional men—that the business was largely based upon the personal skill and character of its managers, hence advertising is too much like boasting of one's reputation and attainments. Such banks were engaging in publicity no more attractive and effective than the well-known statement of financial resources. If any word were added beyond this it was nought but a statement of the rate of interest paid on deposits or to call attention to the amount of capital as shown by the statement.

Since then eighteen months have passed. Not a long time in business or in private life. But it has witnessed many changes in bank advertising. I have just glanced over some of the Michigan newspapers, consulted them for specimens of advertising and find

Some Michigan Ads.

many of the same banks represented. I note two things which stand out conspicuously among the specimens of banking publicity now clipped from these papers. Let us see what changes time has wrought on these banks.

First, the banks that were feebly attempting to publish small ads. of the "reason why" type have now carried that style of ad. to its complete development, or at least as complete as this style has been written for other lines of business. The ad. of this type eighteen months ago was satisfied to state in forty or fifty words that it was time to "lay aside something for a rainy day," or the young man or young woman should "early cultivate the habit of saving, so that at marriage there would be a neat sum accumulated for the 'setting out.'" These ads. were very good in their way at the time. The idea is good yet, but banking publicity has now progressed beyond this stage.

I turn to the printed announcement of the older conservative banks and find them just in the "short talk" stage occupied by the progessive banks eighteen months ago. They have found the need for something more effective than the mere financial statement and are coming out with frequent changes of copy and larger space.

Larger space is an improvement noticeable in all bank advertising. Banks occupying two inches, single column, eighteen months ago, are now using four or five inches, double column. Many are using six, eight, ten and twelve inch, two, three or four column width for their regular advertisements and still more space on special occasions.

A few banks still cling to the two inch, single column size, and some indeed have not progressed beyond the financial statement stage. But their number is small compared with what it was eighteen months ago, and one sees that in but a short time all will have fallen into line.

In order to illustrate some of the statements made, I have selected a few ads. from current daily and weekly papers and will endeavor to explain some of the points of excellence or faultiness which they exhibit.

Some of the banks represented were also represented in the selection of ads. published in connection with my articles eighteen months ago. In some cases there has been little change, in others a marked improvement. Attention will be called to these in the descriptions here given.

No. 1—This is an ad. which is a decided improvement over this bank's advertising eighteen months ago. The lower portion of the ad. shows what the advertising formerly consisted of and seems to indicate a concession to some more conservative official who believes in the list of officers as good advertising.

No. 2—This is another example of improvement, although this bank had formerly used this general style of ad. The improvement lies chiefly in the increased size, good display and longer message given. The ads. seem to be written by the same person as formerly and they exhibit no special advance in quality.

No. 3—This bank formerly used the list of officers and financial statement form, but has recently joined the ranks of those who give a short statement of the general advantages of banking. The fault of the ad. lies in its too general arguments and the fact that the same copy is used for many weeks at a time without change. The display is fair.

No. 4—This bank has advertised in this form for some time and has the advantage of using a frequent change of copy. The message is fair and may be taken as a sample of all those used by this bank. The display is fair, but could be improved by a change in types.

No. 5—In this specimen is shown a type of ad. used by the progressive city trust company. It has advertised in all accepted forms for some time and its ads. are known to the readers of a large number of both weekly and daily papers. The display is good for the size and the message is a good argument for the investment of surplus funds.

No. 6—This is another form of ad. used by the trust company mentioned in No. 5. The display is excellent and the message a good statement of the value of business experience.

No. 7.—This bank has advertised in various forms for some time. These people have used the various forms of the "short talk" ad. shown in numbers 3, 5, 6, etc., above, and just why they should return to the list of directors and financial statement is hard to say. They have effected a sort of compromise by making a fairly effective talk on safety as a feature of banking, but the body of the ad. is in the former statement style.

And so the list might be prolonged indefinitely, but I bring it to a close because as a general rule the various banks simply repeat what has been shown. A few are using much larger space than is occupied by any here shown, but the general form, display and message show no great departure from the generally accepted styles herein shown.

On the whole it is encouraging to note that the banks have taken hold of advertising in earnest and as a general rule their advertising in the local papers throughout the country is on a par with that of the retail merchants who use the same mediums. The bankers are "seeking the light" of successful publicity along with their brother merchants and a little time is all that is needed to enable them to reach their desire.

SQUEEZING ADVERTISING LEMONS.

FORCING RESULTS FROM WEAK MEDIUMS.

By G. P. Blackiston, Adv. Mgr. Safe Deposit and Trust Co., Pittsburgh, Pa.

AMONG the thousand and one magazines of every class and calibre one often runs across one with a woefully weak front cover. This condition is most prevalent with religious, educational and scientific publications which depend on their literary or professional standing for circulation.

Many of them have little, if any, value to an advertiser, yet all of them carry and practically are supported by advertisements

Ad. in Church Paper.

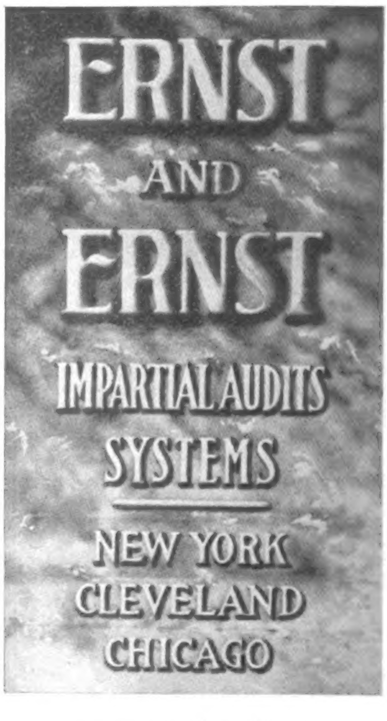
most of which are regarded as "charity." The spaces are usually filled with some general talk and followed by the signature, the idea seemingly being "the medium is no good anyway, so we won't waste any time or thought on it.

But all advertising is in a sense good for the firm or thing advertised and it behooves the person responsible for the copy to devise some particularly strong means of forcing results from these almost barren mediums. As in all other cases it is best to ascertain the class of the circulation. With this as a basis for the "selling argument," position is the next thing to be considered. Get on the cover if you can.

The particular case involved in this article is that of a back cover of a monthly organ of a theological college. The circulation is confined to the faculty and students and such persons as are interested in the institution.

The purchaser of this space, the Safe Deposit and Trust Company of Pittsburgh, Pa., has for some time maintained an advertising department, which experts pronounce one of the best in the country in its line. The policy of this department from its inception has been to extract every last iota of publicity from any medium used, no matter what its nature. Adhering to this policy back covers are used in any complimentary book, directory or magaizne advertising, it being argued that if the thing is to be used at all it might as well be pushed to the limit. Strong black and white pertinent illustrations are used with particularly strong borders. The result is a shaply outlined page which ***immediately*** attracts the eye and in nine cases out of ten it so overshadows the front cover that it impresses one as a house organ of the trust company.

This effect has never been intentionally sought after and it sometimes brings a protest from the editorial powers—that—be. BUT— it invariably attracts attention to the announcements of the Safe Deposit and Trust Company of Pittsburgh, Pa., and that's what the trust company is paying for.



An Artistic Name Plate.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

AN officer of the First National Bank of a West Virginia town writes:

Let us know what you think of enclosed booklet. Give us h——, if necessary.

Our reply which did not drip brimstone exactly, as requested, follows:

I have your memo of the 29th inst., accompanying the copy of your new booklet entitled, "The Bank That Does Not Pay 4% On Deposits—Why?"

The booklet is well written, well printed and it no doubt will receive a great deal of attention on account of its unusual title, but I must confess that I do not believe that it pays to advertise that you can not do as well by depositors as other banks can. People at large are pretty well satisfied that some savings banks can safely pay four per cent. interest on deposits, and even a quotation from such a good authority as Mr. Clark Williams will not appeal to them as much as the extra one per cent. It is all right to give the people the strongest kind of argument concerning your institution's strength, but I cannot see the advisability of hollering about what most people would say was a weak point in your appeal for business. Mr. Williams' speech was addressed to bankers, and is perfectly sound from a banking standpoint, but is not convincing to the savings account people who do not see why they should receive three per cent. when they can get four per cent. elsewhere with equal security.

A few days ago, the Milk Trust in this city raised the price of its milk one cent a pint, and in doing so, gave a plausible explanation for its action, but you can imagine the explanation did not appeal to the average housekeeper, whose milk bill went up as a result of the increase.

However, now that your booklet is all printed, it probably would do no harm to send it out, and it may do something to square yourself with the public in your territory in case it is necessary to square yourself. Of course, not knowing the local situation, I am not able to judge whether or not this is necessary.

I will refer to this matter in the Banking Publicity Department of an early number of THE BANKERS MAGAZINE, and possibly

Good Small Savings Ads.

Comptroller Murray Praises

the national banks of the country in a recent report, as follows:

"I can say that for honesty of purpose, for painstaking devotion to the heavy duties and responsibilities placed upon them, for keen business ability and devotion to the interests of the nearly six million depositors, for the wise handling of the assets of the banks, in round numbers nearly ten billions of dollars, the officers and directors of these seven thousand national banks as a whole have no superiors in any corporation in the world."

This is strong commendation for

The 7,000 National Banks

from the Comptroller of the Currency—a man who has the best possible means of knowing their condition and the general efficiency of their management. We modestly take our share of this praise because we know that in every respect we are complying with the government regulations and that we go beyond the legal requirements to make this institution a safe and reliable one for all our depositors and customers.

The First National Bank

Miami, Florida

W. H. SPITZER, President
E. A. WADDELL, Vice-President
EDWARD C. ROMPH, Cashier
HARRY McCOWN, Assistant Cashier.

Good Authority.

we may be able to stir up some discussion which may be helpful to bankers in general.

The booklet referred to starts off as follows:

This bank does not pay four per cent. on time deposits, for the reasons given in the following extracts from a speech made by Mr. Clark Williams, former Superintendent of Banks for the State of New York. Mr. Williams is considered one of the most thorough and practical bankers in the United States, and his reasoning is sound and conservative. He makes a plea for strength rather than size of deposits in banking, which has at all times been the aim and policy of this bank in the building up of its business, it having accumulated in the three years of its existence a surplus fund amounting to $20,000,000 which in addition to its capital and stockholders' liability makes a security amounting to $120,000.00 for its depositors, and it will be the policy of this bank to continue to keep all its earnings in the business, as additional security to its depositors.

We feel after you have read Mr. Williams' speech you will be thoroughly convinced that the position we have taken in regard to the rate of interest a well and conservatively managed bank can afford to pay does not exceed three per cent., which is the rate of interest we have at all times paid on Time Certificates of Deposit, issuing them in sums of not less than $100.00 for the first certificate.

If we have not interpreted the outside public's view on this proposition correctly, we wish our readers would set us right. Don't look at the matter as bankers, but as a wage-earner or salaried man reading a bank's advertisement and then make up your mind whether it is better to adopt the negative method and say "We cannot pay 4 per cent. interest," or to take the positive way and say "We pay 3 per cent. interest and give absolute security."

Write us your opinion on this for the good of the cause.

E. L. Bickford, cashier of the First National Bank of Napa, Cal., writes:

We have been interested in your reproductions of advertising of other banks which appear from time to time and thought it possible that the enclosed of our own might be of interest to others.

One of these was a Lincoln penny ad. It was a particularly timely one, and the other also illustrated the desirable "news element" in good advertising by a reference to a current topic.

AN INFORMATION BUREAU.

A Los Angeles Bank Has a New Advertising Scheme.

THE Security Savings Bank, Los Angeles, Cal., will add to its various departments a public information bureau. The new department will be advertised throughout America, to be, therefore, the means of boosting Southern California and bringing more people there.

The management deemed it advisable to establish this bureau, first, for the accommodation of its 65,000 customers who are doing business with the various departments of the bank, and second, for the accommodation of the general public, both at home and throughout the United States and other countries wishing information about Southern California enterprises.

The bureau will be located at the South Spring street entrance and will be open

A Strong Trademark.

You Can't Get Away From This.

from 8:30 o'clock in the morning until 5 o'clock in the afternoon. It is claimed that the Security Savings will be the only bank in the United States maintaining a department of this character.

No commercial propositions will be handled in this department. There will be given out only information of genuine interest to strangers in the city and home people, such as hotels, resorts, railroads, street car and steamship lines, cities and towns of California and points of general interest.

The new department will act in a similar capacity to the Chamber of Commerce. Inquiries from everywhere will be answered. It will be under the direction of a California man of experience.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

"POST Mortem Administration of Wealth" is the title of a booklet issued by the Cleveland Trust Company. It is an excerpt from an address delivered before the Trust Company section of the American Bankers' Association in Chicago, September, 1909, by Daniel S. Remson of the New York Bar. The booklet also contains a copy of a recent editorial in the New York "Sun" on "Trust Companies as Executors."

The Southwark National Bank of Philadelphia gives away a valuable little book entitled "Banking Hints to Customers." It carries the advertisements of a number of local merchants.

An insurance department is a feature of the business of the First National Bank of Alger county, Munising, Mich. It describes this department in part as follows:

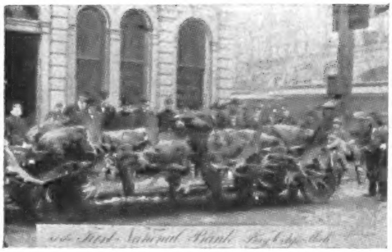
This bank maintains an Insurance Department, under the agency of Hopkins and Collins, for the transaction of all business appertaining to the issuing of policies, the payment of premiums and the adjustment of losses of Fire, Liability, Accident, Boiler and Surety Bond Insurance.

The agents are expert insurance men and will be pleased to give you the benefit of their knowledge not only in selecting companies in which to insure but as to forms best suited to your business or requirements, whenever you desire to consult them.

By placing your insurance through the bank, you are spared the necessity of keeping record as to the expiration period of any of your policies, as you will receive ample notice when one is about to lapse, thus preventing loss through forgetfulness or carelessness.

Moreover, if you have an account with the bank, an arrangement can be made for the payment of premiums or renewals by transferring and deducting the amount.

The Franklin Society for Home Building and Savings, New York, has issued a new booklet telling the story of this successful institution—the largest co-operative savings institution in New York. Its two forms of investment, pass book accounts and prepaid



A Michigan Post Card Ad.

certificates, are fully described. This society recently had a plate made of a recent favorable report of its growth in the "Evening Post," and printed it on a post card with the words: "Something for Franklin people to be cheerful about, is it not?"

Its regular statement folder is brightened by the First National Bank of West Elizabeth, Pa., by some interesting arguments for maintaining a bank account.

The Germania National Bank of Milwaukee, Wis., sent out its November 16 statement on an especially large folder artistically printed in colors on heavy paper. It was sealed by a trade-mark sticker and sent under a one cent stamp.

We think some advertising agency must be helping the Milwaukee banks in their advertising. The Merchants and Manufacturers' Bank of that city sent out its statement in an ingenious "cut out" mailing card containing a view of "Greater Milwaukee" and this good platform: "Looking toward the 'Greater Milwaukee' whose promise is daily realizing itself in substantial form—we are guided by sound and progressive methods in all our banking business."

The First National Bank of Gouverneur, N. Y., has adopted the slogan: "The proof of good service is constant growth."

A great many banks and investment houses are giving calendars to their customers just now. Judson G. Wall & Sons of New York have issued an especially handy desk calendar.

Cashier J. S. Pomeroy of the Security National Bank of Minneapolis, Minn., writes:

We have been getting some figures together showing the bank deposits in the states of Minnesota, Iowa, and North and South Dakota, and we are sending you cards herewith showing the result.

We consider the showing quite remarkable, particularly the large increase during the past few years, and we hope that the figures will prove of some interest to you.

The figures of this bank's deposit increase are as follows:

1898	$4,750,000
1899	4,962,000
1900	5,310,000
1901	7,288,000
1902	8,934,000
1903	9,121,000
1904	9,996,000
1905	11,435,000
1906	12,014,000
1907	14,087,000
1908	18,266,000
1909	22,331,000

John Ring, Jr., advertising and purchasing agent of the Mercantile Trust Company, St. Louis, writes:

Our November Bond Circular, which we enclose, contains a unique feature—namely, quoting from several periodicals of national circulation relative to Bond Investments.

This circular goes to our regular investment list and we believe will help numerous people to better understand many phases of bond investment not covered in the mere offering of the bonds.

We hope by this means to enlighten many on things not now thoroughly understood by the layman.

The quotations are from THE BANKERS MAGAZINE, "Colliers," "Success," "World's Work" and "Saturday Evening Post." This is a good idea, as it adds interest to the ordinary "we own and offer, etc."

THE CORN EXCHANGE BANK

NEW YORK CITY, N. Y.

WILLIAM A. NASH, President

First Published Statement, June 11th, 1853

RESOURCES

Loans and Discounts, except to Directors and Brokers	$781,814.19	
All sums due from Directors	7,000.00	
All sums due from Brokers	35,000.00	
		$823,814.19
Real Estate		65,021.50
Stocks		116,712.50
Expense Account		4,280.43
Specie		34,856.92
Cash items, viz.: Checks on City Banks	$282,361.67	
Checks on Country Banks	1,330.84	
		283,691.51
Bills of Solvent Banks on hand		12,501.00
Due from Banks, viz.: Solvent Banks on demand		125,018.29
		$1,455,897.34

LIABILITIES

Capital		$500,000.00
Profits		18,509.36
Registered Bank Notes received from Comptroller and not returned	$87,200.00	
Less Registered Notes on hand	2,691.00	
		84,509.00
Due Treasurer of State of New York		19,453.12
Due Depositors on demand		704,912.76
Due Individuals other than Depositors		38,000.00
Due Banks on demand		60,712.90
		$1,455,897.34

227th Published Statement, Nov. 16th, 1909

RESOURCES

Loans and Discounts	$36,857,206.33
Due from Trust Companies, Banks and Bankers	2,678,128.24
Real Estate	2,686,562.18
Mortgages owned	1,430,900.00
Stocks and Bonds	1,982,256.11
Specie, Legal Tender Notes & Notes of National Banks	11,006,453.84
Cash items including exchanges for next day's clearings	13,132,709.69
	$69,774,206.39

LIABILITIES

Capital Stock	$3,000,000.00
Surplus, including all undivided profits	5,188,399.26
Due Depositors	61,585,807.13
	$69,774,206.39

A Telling Comparison.

In a recent booklet the Citizens Bank of White Plains, N. Y., shows this satisfactory record of growth:

Date.	Deposits.	Depositors.
Aug. 1, 1907..........	$10,376.10	14
Jan. 1, 1908..........	64,187.62	134
July 1, 1908..........	194,636.07	234
Jan. 1, 1909..........	240,042.03	344
July 1, 1909..........	415,459.75	406
Oct. 18, as shown by report	472,241.36	457

The People's Bank of Buffalo, N. Y., gives out a business interest table, which enables anyone to find at once the interest on $1 at various rates, to thousandths of a cent. It was gotten up especially for general distribution at the Manufacturers' Club and Industrial Exposition held at Buffalo in October, where the bank had a special booth.

The Naugatuck (Conn.) Savings Bank sends to newcomers to town an engraved invitation reading: The Naugatuck Savings Bank invites your attention to the facilities it offers as a depository for small savings and would appreciate a call if it can be of service to you in any way.

H. A. Dalby, who handles this bank's advertising, says this has proved quite effective.

SOME GOOD POINTERS.

In a recent address before the Des Moines Admen's Club, Charles Eugene Powers, of Chicago, offered the following six suggestions needed to make advertising effective:

"Have an objective point; a well defined advertising policy which may be followed to the letter.

"Establish the identity of the firm by some trade-mark and use it consistently. Keep it before the public constantly.

"Put information of a news value into every ad., for the people read the papers for news and they will read the ad. if it is news.

"Always approach the subject from the customers' standpoint; not the advertisers' standpoint.

"Absolutely avoid every technical term. There are people more brilliant and more ignorant than you. All must be pleased.

"Advertise consistently, every day if you use the dailies and in a publication that gets the money. Spasmodic advertising is absolutely useless—it is one road to ruin."

BOOK REVIEWS.

The Manual of Railroads and Corporation Securities, with Railroad Values Analyzed by Roger W. Babson. New York: Moody Manual Co. (Price $12, including the monthly Digest).

A second edition of this very useful reference work has been rendered necessary through an unusual demand for the July edition. The December issue consists of 3,300 pages, bound in Russia, containing the figures from the reports of all the railroads ending their fiscal year on June 30, 1909, that were made public prior to November 10, also similar data covering the industrial public utility and mining corporations, figures unobtainable heretofore in a manual until June of the following year. The Monthly Digest of Corporation news, which is a part of the Moody Manual service, gives a digest of all the important news affecting corporate securities that has been published in about thirty of the leading technical and financial publications of the country.

Coins of the World. Designed and arranged by Alfred F. White. New York: The Banking Law Journal.

This is a manual of the current coins of the world, and their values, with a concise outline of the coinage systems. It also contains a brief account of ancient coins, and is illustrated with a fac-simile of each coin, reproduced from photographs.

The book contains much interesting and valuable information in relation to the world's coinage systems, while the illustrations are remarkably clear and beautiful.

The Investment of Trust Funds. By Frank C. Mortimer. San Francisco: Rollin C. Ayres.

In a brief space Mr. Mortimer treats of the duties of trustees and of the principles governing security values. also of the kinds of investments in which trust funds may be properly placed. The treatment of these subjects is concise and clear, and the suggestions offered are in accord with sound experience. It is a valuable book for all who act in the capacity of trustee.

BOOKS RECEIVED.

Anne of Avonlea. By L. M. Montgomery. Boston: L. C. Page & Co. $1.50. A Sequel to Anne of Green Gables.

Tag; or, The Chien Boule Dog. By Valance Patriarche. Illustrated by Wallace Goldsmith. Boston: L. C. Page & Co.

The Concentrations of Bee. By Lilian Bell. Boston: L. C. Page & Co. $1.50.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

A MODERN NEW YORK BANKING AND BROKERAGE HOUSE.

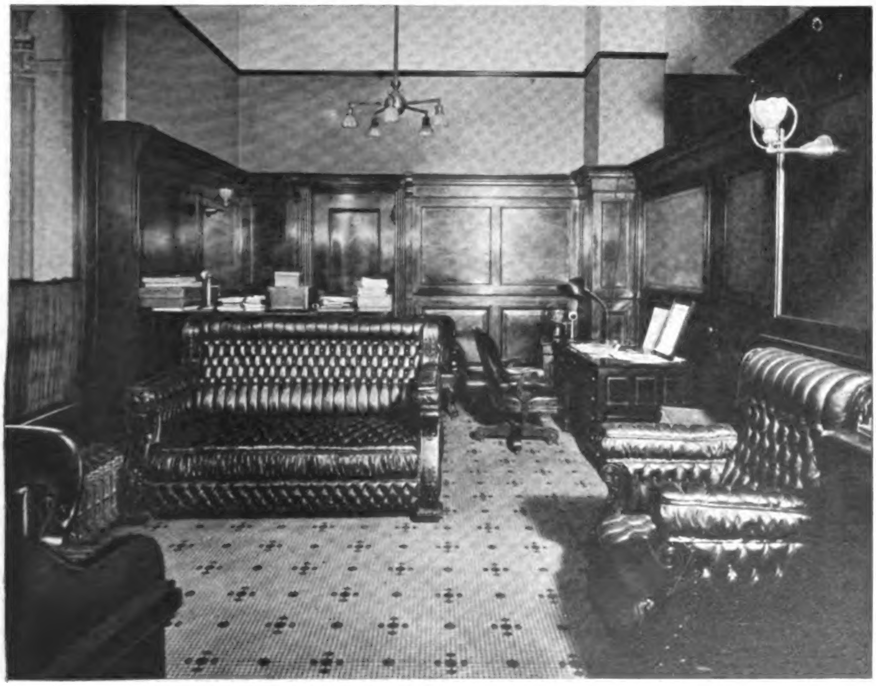
GREAT changes have taken place in New York's financial district within the past few decades, changes that have completely revolutionized the methods in vogue for the buying and selling of stocks, bonds and commodities. These changes have been brought about in the main through the increased volume of trading on the local exchanges, which has been due to the extension and perfection of the private telephone and telegraph systems that link New York with the markets of the world.

One of the most complete systems of this kind in existence is maintained by the well-known house of Carpenter, Baggot & Company whose offices are on the ground floor of the Corn Exchange Bank building at 17-21 William street.

Interior Furnishings.

The main entrance from William street leads directly into the customers' room where the quotations for stocks are posted on one of the most modernly equipped boards to be had, from which at a glance the dividends, if any, paid on different securities and the market quotations are plainly shown.

The cotton board has the most complete statistics posted daily that may be had and prices are posted for cotton by a telegraph operator from the fast quotation wire of



Private Office of Mr. Carpenter and Mr. Baggot.

the Western Union, which is in a busy market from one to five minutes ahead of the ticker.

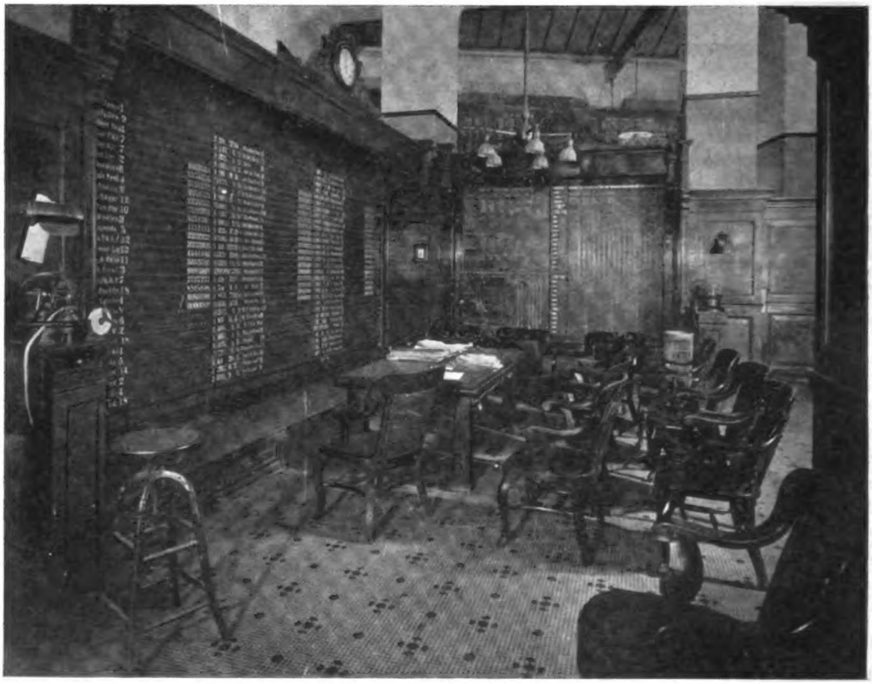
The woodwork of this and of every other department is solid mahogany of a very fine grade and finish.

To the left of the entrance and also fronting on William street is the private office of Mr. Carpenter and Mr. Baggot, and adjoining is the private office of Mr. Tate, both rooms luxuriously furnished and always open to the public. Messrs. Carpenter, Baggot & Company are distinctly the "house of the open door" for not only are all commissions entrusted to them handled with dispatch and care, but patrons can have at any time access to any member of the firm for consultation and advice.

One of the most prominent features of this firm's service is the accurate, detailed information regarding crop conditions that is furnished gratis to friends and clients. Neither time nor money is spared in this work of news-gathering, and in addition to the maintenance of an extensive wire system, reaching thousands of correspondents, a staff of experts is kept traveling continually throughout the cotton belt of the South. In addition to the Liverpool correspondents this firm has others in Alexandria and Cairo, Egypt; Smyrna in Asiatic Turkey; Barcelona, Genoa and Milan, Italy; Zurich, Switzerland; Wein, Austria; Berlin, Bremen and Leipzig, Germany; Paris and Havre, France; Antwerp and Ghent, Belgium; Copenhagen, Denmark; Rotterdam, Holland; Bombay and Ahmadabad, India; other smaller European cities and one in the City of Mexico.

Superior System of Private Wires.

Perhaps the greatest interest of all centers in the wire room, from which 25,000 miles of private wires radiate in every direction, embracing in their service such cities as Chicago, Minneapolis, Philadelphia, St. Louis, Boston, Pittsburgh, Cincinnati and other financial centers of the North; New Orleans, Louisville, Ky., Memphis, Tenn., Atlanta, Ga., and a score of other cities throughout the great cotton-producing states of the South.



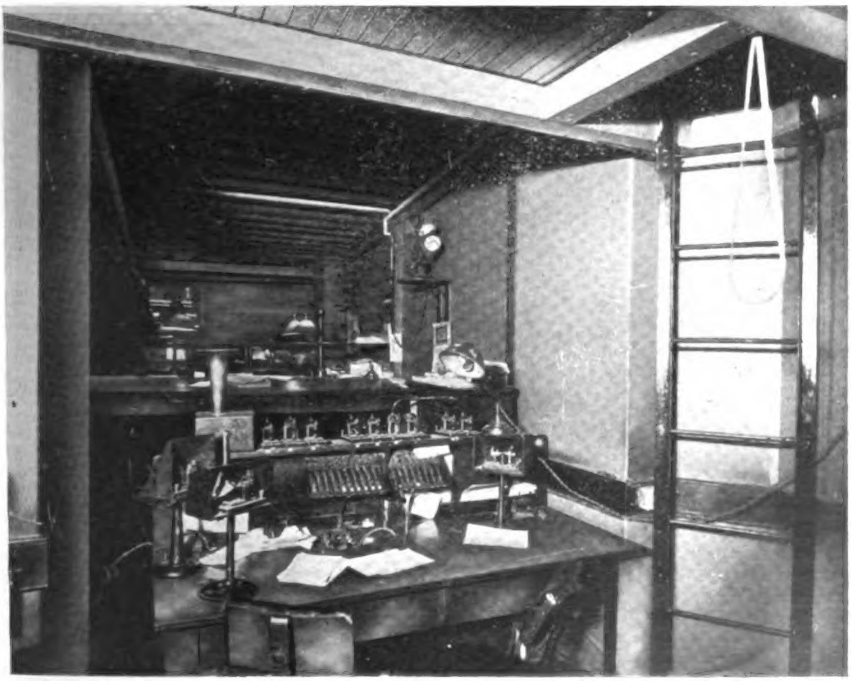
A Portion of the Customers' Room showing Stock and Cotton Quotation Boards.

Think of an order transmitted by the Chicago correspondent, 'phoned to the floor of the New York Exchange, executed, and notice to that effect sent back to Chicago all in less than one minute! By maintaining a direct wire to the cable offices, Messrs. Carpenter, Baggot & Co. have orders executed in Liverpool in from five to seven minutes' time. Over $100,000 is paid out annually for wire rental alone.

Individual Wire Service.

All of the operators in the wire room face the large elevated quotation board on

From this elevation every change in price is shown to the telegraphers and is dashed over the 25,000 miles of private wires.



By the use of this instrument one operator with his key operates thirteen short telegraph wires.

which the quotations are posted as they come from the exchanges. This board is forty-five feet long and is equipped with a telegraph wire, over which the quotations come at the same instant that they are received by the company sending out the ticker news. A saving of from one to five valuable minutes is thus effected in the transmission of these quotations to the cities reached by the Carpenter, Baggot & Co. service. This feature alone is without a parallel among the rank and file of brokerage and commission houses and has but recently been installed by this firm.

PHOTO BY LIPPINCOTT.

Atmore L. Baggot

HISTORICAL.

The present firm of Carpenter, Baggot & Co. has been in business since 1905, and to-day is given the highest possible rating by the mercantile agencies. By reason of its time-saving equipment and the exceptional ability and character of its members, this four-year old house has built up a wonderful business, both here and abroad, and does perhaps the largest business in cotton futures of any concern in the world.

Messrs. N. L. Carpenter, J. N. Carpenter, Atmore L. Baggot and Sterrett Tate are the gentlemen composing the co-partnership. They are all Southern gentlemen by birth and education, with the exception of Mr Baggot, who is a native of New Jersey.

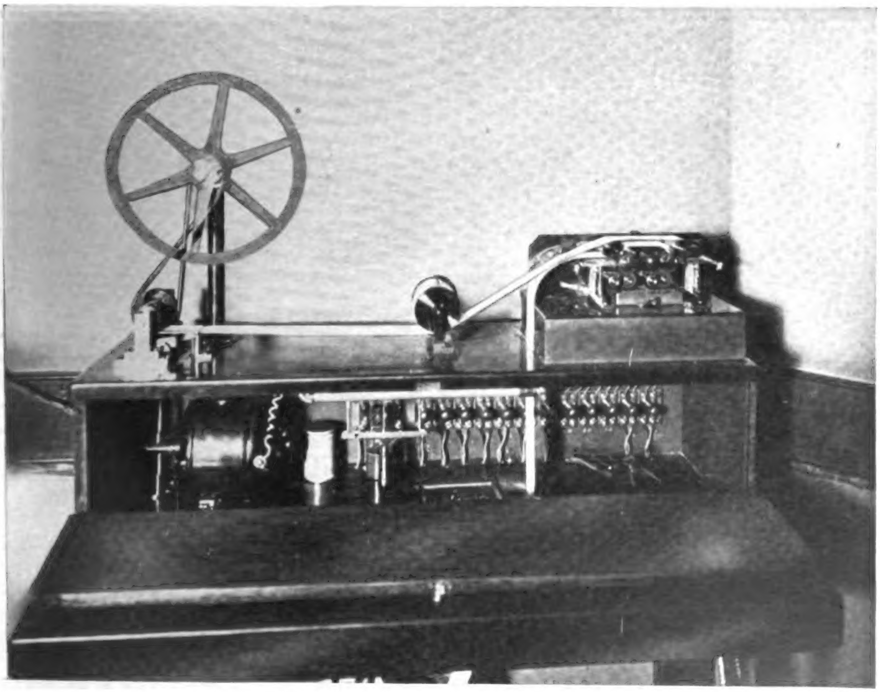
J. N. Carpenter, the senior member of the firm, who makes his home in Natchez, Miss., has had a long and varied experience in the cotton market, and his opinions and advice are eagerly sought after. He has been well known in the cotton market for the past forty years and while he is inactive in the management of his firm and spends most of his time in Natchez, he is a frequent visitor at the New York office and at all times keeps in close wire touch, thus giving his partners the benefit of his helpful guidance and advice which comes only to those after years of sucessful experience.

Atmore L. Baggot was at one time president of the Twelfth Ward Bank of New York, and the training he received as a banker has been and will continue to be a source of strength to the firm of which he is now a member. Mr. Baggot devotes his entire time and attention to the stock and bond business of the firm and with a corps of able assistants keeps posted on the earning power, commercial value and general statistics pertaining to all active securities and will cheerfully investigate and make special reports on any properties for clients when requested, thus placing his

PHOTO BY LIPPINCOTT.

Sterrett Tate

Private Office of Mr. Tate.



The "Tell Tale." This clever instrument records instantaneously every "tick" received or sent by twelve telegraph operators over twelve separate wires all working at one time and settles all disputes between operators, showing who made the error, if one has been made.

services and the conveniences of his office at the disposal of bankers and investors throughout the country.

N. L. Carpenter received his early training in the banking business, and afterwards started the well-known firm of Carpenter, Dessommes & Co. of Liverpool, which is still in existence. Mr. Carpenter is a man of exceptional ability and good judgment and looks after the financial interests of his large firm.

Sterrett Tate has perhaps the widest acquaintance throughout the South, where he has traveled extensively, of any man in New York to-day. He is an authority upon the cotton situation and has general supervision of the business and full charge of all the cotton wires.

Sollie W. Quinn, manager, a native of Alabama, has charge of all the employes, in what is known as the "back office."

The responsible position of chief operator and overseer of all the wires is capably filled by Fred Lulves.

Such a tremendous lot of trading is done in one day by this house, that it is necessary to maintain a night force, in order to get ready for the next day's business.

Carpenter, Baggot & Co. are members of the New York Stock, Cotton, Coffee and Produce Exchanges, the Liverpool Cotton Association, the New Orleans Cotton Exchange, the Chicago Board of Trade, and the Philadelphia Stock Exchange. Their bank clearances average over $2,000,000 a day.

TUCKER K. SANDS, VICE-PRESIDENT SAVOY TRUST CO. OF NEW YORK.

IN the recent election of T. K. Sands as a vice-president of Italian-American Trust Company of New York or the Savoy Trust Co., as it has been renamed, there seems to be a direct verification of the old proverb that "true ability and worth shall gain their reward." For had Mr. Sands not possessed those characteristics he surely would not have been made an officer of one of New York's most progressive trust companies.

TUCKER K. SANDS.

The life history of Tucker K. Sands, the new vice-president, furnishes a bit of interesting reading, and shows very plainly that, so far as experience counts, he is well equipped to take up the duties and responsibilities of his recently acquired position.

He was born in Richmond about forty years ago, received his education in the schools of that city and became a runner for the First National Bank of Richmond in 1883. Thus the foundation of his banking career was laid.

He remained with the First National until the year 1899 and during that period of time served in various positions up to that of general bookkeeper, the highest place in the bank next to cashier. From the First National he went to the Citizens Exchange Bank of Richmond and remained with that institution until its consolidation with the National Bank of Virginia, continuing as cashier of the latter until 1904. During his office as cashier of the latter bank the deposits increased from $1,500,000 to $3,000,000.

Emanuel Gerli, the president of the Savoy Trust Company, is a millionaire silk importer, and claims a wide acquaintance in commercial and financial circles of New York City. Arthur Day, the other vice-president, is the American representative and manager of the French-American Bank, with headquarters in New York at the Savoy Trust Company.

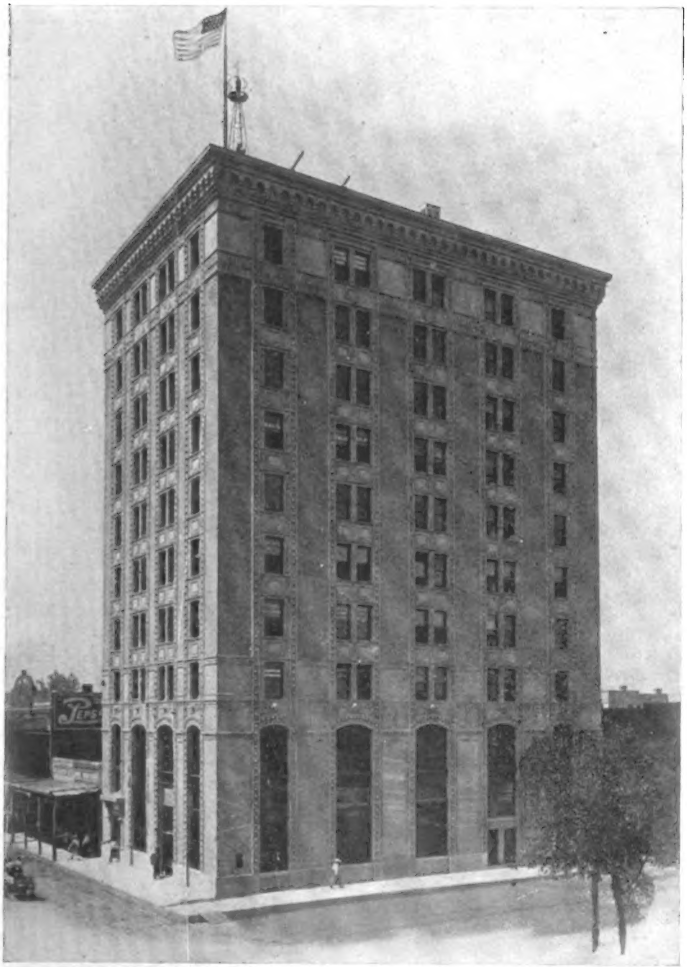
The secretary and treasurer, Arthur Baur, is regarded as one of the best posted foreign exchange men in the country. He is a native of Switzerland and has gathered his banking experience throughout Europe and our state of California.

The Savoy Trust Company reported on December 1, 1909, loans and discount of $1,646,178; a capital of $500,000; a surplus of $59,691; deposits of $1,724,152, and total resources of $2,283,842.

RECENTLY COMPLETED HOME OF THE AMERICAN NATIONAL BANK OF PENSACOLA, FLA.

WHEN the American National Bank of Pensacola took possession of its new quarters recently, the beginning of a new era in the banking and general business circles of Pensacola was marked.

The American National was organized in the latter part of the year 1900, and is physical growth was finally reached, and the bank then began to consider the purchase of a site. The result was the acquiring of the old Citizens' Bank corner, without doubt the very best in Pensacola. The erection of a steel-framed, modern, fireproof office building was decided upon, and



J. E. R. CARPENTER, ARCHITECT.
J. L. PUTNAM ARCHITECT'S SUPT.

The American National Bank Building.—The Business Center of Pensacola.

therefore just a little more than nine years old—being imbued at its birth with the spirit of the new century, the watchword being "Progress."

FORMER HOME OUTGROWN.

After the old quarters of the bank had been enlarged several times, the limit of the actual work of erection was begun in the fall of 1908. The photograph of the finished structure, herewith shown, illustrates the statement that an office building can be ornamental as well as useful.

The bank occupies almost the whole of the ground floor, and we will describe briefly the interior arrangement, which was

Accounting Department.

Vice-President and Cashier, Milton E. Clark, in his office.

the result of much care and study of local conditions, as well as comparison with modern banking rooms of large city banks.

President's Room.

The office of President Charles W. Lamar is just inside the main entrance, on one's right. This office is elegantly finished in mahogany throughout, the inlaid decorative work being brought out very effectively. From his position, Mr. Lamar can see all who pass in and out at either the main or elevator entrances to the bank. While this arrangement makes the president easily accessible to customers of the bank, yet by merely closing his office door he can gain absolute privacy.

President Charles W. Lamar at his Desk.

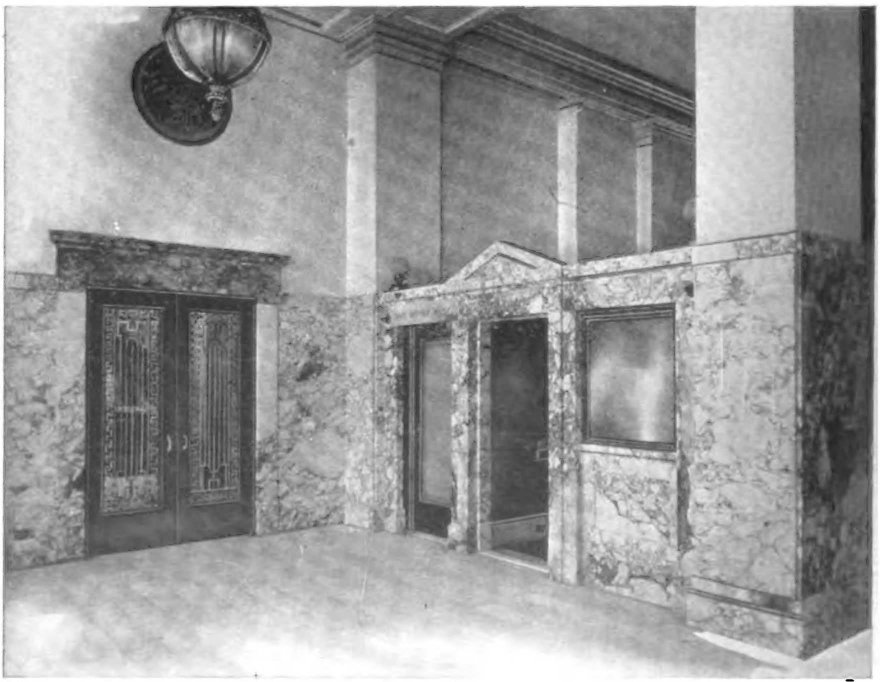
Vice-President and Cashier's Room.

The office of vice-president and cashier, Milton E. Clark, next adjoining that of the president, is splendidly situated, and being elevated about six inches above the floor proper, a perfect view of the interior of the bank is had. Mr. Clark's office is supplied with call bells to every department of the bank, and this feature, in connection with the intercommunicating telephone system with which the bank is also equipped, enables him to keep his hand upon the throttle, so to speak, without the necessity of being absent from his desk. This office is finished in marble to conform with the fixtures of the bank, and, as will be seen from the illustration, is semi-private. A private room just adjoining furnishes space for the stenographer's desk, and as this room also opens into the president's office, it is also used for a consultation room by the executive officers.

Paying and Receiving Tellers.

Next in order are the two tellers of the bank, both of whom pay and both receive,

Main Lobby.



Elevator Entrance, Ladies' Window and Safe Deposit Entrance.

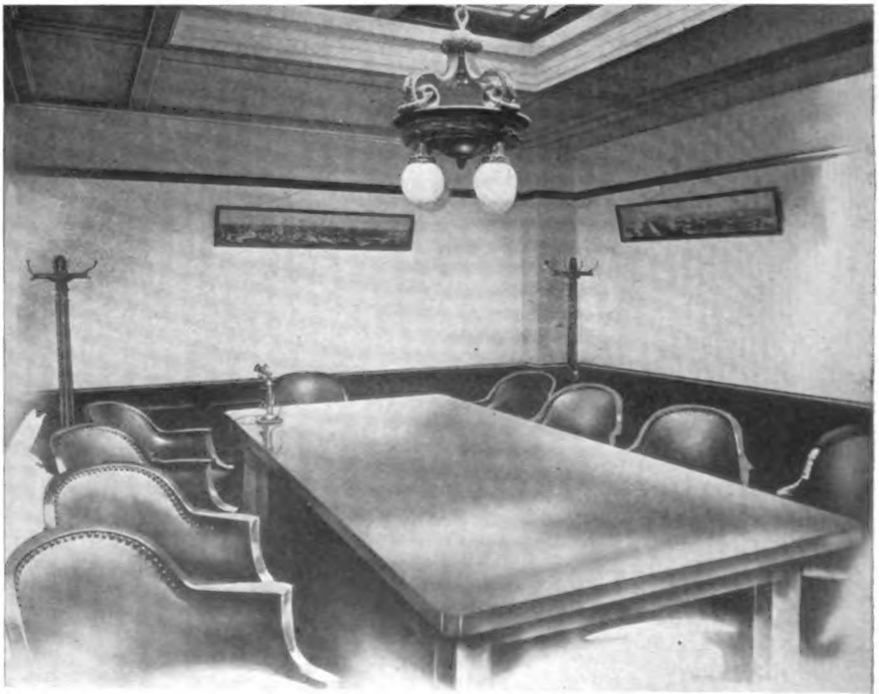
CHARLES W. LAMAR
President.

M. E. CLARK
Vice-President and Cashier.

JOHN PFEIFFER
Assistant Cashier.

JAMES W. ANDREWS
Assistant Cashier.

President and Cashier's Offices. Tellers' Cages.



Directors' Room.

their work being divided alphabetically. This plan obviates having one teller crowded while the other is comparatively idle, and the bank's customers seem to be well pleased with the plan.

The pay-roll window is next, followed by the pass-book window. Across the lobby are the windows for collections, the exchange window, savings department and assistant cashier. A special room for the exclusive use of ladies, handsomely finished in mahogany and marble, with regulation deal-plate and wicket, opens into the savings department. This feature is very popular with the lady patrons of the bank.

Safety Deposit Vaults.

A special entrance and corridor at the extreme left of the banking room leads to the safety deposit vaults, which are modern and complete in equipment. There are nearly 400 compartments for rent, and it is the intention of the bank to put in more later on. Handsomely appointed booths for the special use of customers in this department are arranged in convenient access to the vaults.

Entrance to the Safe Deposit Vaults.

Accounting Department.

The accounting department occupies the space just back of the teller's cages, and being next the street, the bookkeepers have plenty of natural light. The position of the bookkeeping department is such as to do away for the present with the necessity of telautographs, but complete arrangements for these instruments are already made, with the view later of putting the accounting department up on the mezzanine floor.

Directors' and Locker Rooms.

The directors' room of the bank is located on the mezzanine floor. The mahogany chairs and table are quite impressive in their richness, and the heavy brussels rug

with which the floor is covered adds a touch of elegance to the whole. This room is ornamented with a wrought brass chandelier, and daylight is admitted through skylights of art glass.

The locker rooms for the bank force are also located on the mezzanine floor, and are models of modern, sanitary arrangement. In fact, all the details of the banking room have been carried out with reference to the comfort and convenience of the workers in the bank, as well as for the patrons.

Biographical.

Mr. Lamar, president of the American National Bank, is a native Georgian, having resigned the cashiership of the Citizens' Bank of Valdosta to become vice-president of the American National, later being elected president. He enjoys great popularity with the constituency of the bank, as well as the community in general. He is identified with many of the leading business enterprises of Pensacola, and is vice-president and a member of the governing board of the Osceola Club.

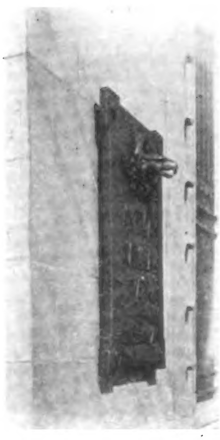
Mr. Clark, vice-president and cashier, is also a Georgian, and has been connected with the bank ever since it was organized. He is a man of boundless energy and enjoys a high place in the estimation of his fellow-citizens. At first teller, then assistant cashier, then cashier, now vice-president, is his record in the bank, which speaks eloquently for his ability as a banker.

John Pfeiffer and James W. Andrews, assistant csahiers, are both native Pensacolans. Mr. Pfeiffer holds the position of first teller, and as such comes largely in touch with the customers of the bank. By his uniform courtesy and thorough fitness for the position he holds he has won for himself and the bank many staunch friends.

Mr. Andrews, the junior officer, is a young man, full of energy and enthusiasm, and having been with the bank practically since it was first organized is thoroughly familar with all the details of the business. His position in the bank is that of chief of the clerical department and advertising manager.

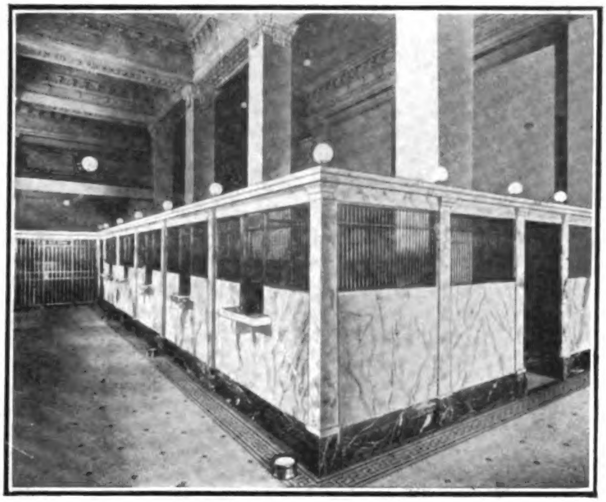
The American National's report to the Comptroller of the Currency as of November 16, showed the following figures:

Loans and discounts (time)....		$978,577.25
Cash—		
In vault	$85,580.46	
In banks	146,866.05	
Demand loans.....	283,391.76	
Total		515,838.27
Capital		300,000.00
Surplus and undivided profits..		136,867.88
Deposits		1,125,872.57



THE CHARLOTTE NATIONAL BANK OF CHARLOTTE, N. C.

NOWADAYS the bank that tries to struggle along in cramped, inconvenient quarters, with a pitiful display of ancient equipment and furniture, is hopelessly handicapped when in competition with the wide-awake bank that appreciates the value of housing its business in a modernly appointed home, fitted out with tasteful and substantial furniture.



Main Lobby, Charlotte National Bank.

Types of Bank Architecture.

During the past year there were a number of fine bank buildings erected in various parts of the country, and with hardly an exception these structures can be classed with one or the other of two distinct types.

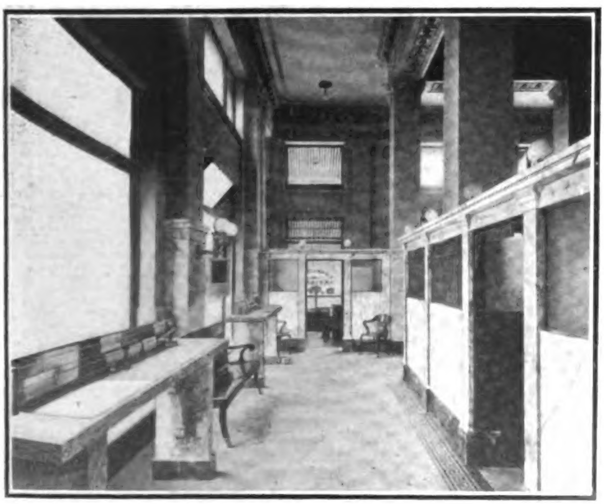
The first is that of the individual building—for exclusive banking purposes—usually constructed on classical lines and seldom over one story in height.

The second type is that of the combined bank and office building, in which the bank's quarters are located on the ground floor, with any number of stories above devoted to offices. To this latter class belongs the twelve-story building of the Charlotte National Bank of Charlotte, N. C., whose offices are illustrated herewith.

Much attention and forethought has been given to the minor details of construction, with the result that throughout the various departments there is perfect harmony of arrangement.

The Vaults.

Of special interest is the massive vault door, giving entrance to the fire and burglar-proof safe deposit vaults. The weight of this door, together with the vestibule and steel lining of the vault, is eighty-six thousand pounds. The door, which is seventeen inches in thickness, is equipped with quadruple time locks and twenty-four steel bolts.



East Corridor, Charlotte National Bank.

Solid masonry lined with alternate layers of Bessemer and chrome steel, has been used for the vault walls, and as can easily be imagined, they are impervious to fire, drill or explosive. More than a thousand private boxes have been installed and there is also a compartment for the safe keeping of bulky packages.

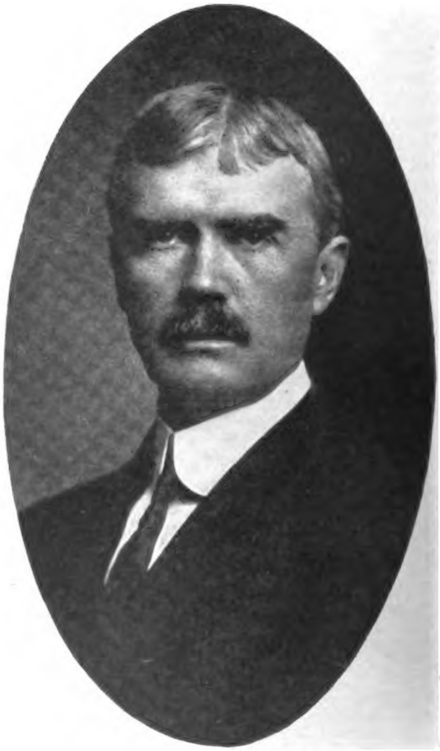
Interior Furnishings.

Great double windows admit the light to the main banking room, which is arranged with due consideration for the convenience and comfort of patrons and the transaction of business.

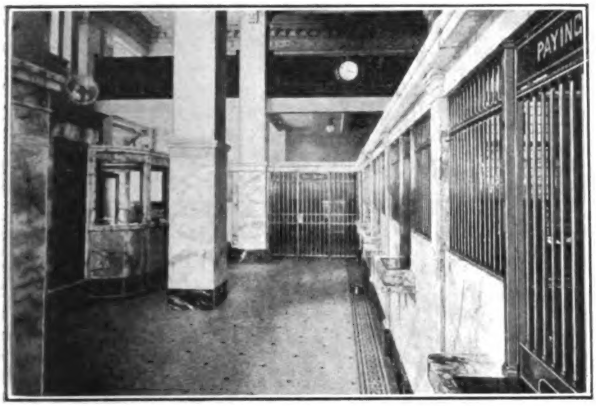
B. D. HEATH
President

J. H. LITTLE
Vice-President

JOHN M. SCOTT
Vice-President



W. H. TWITTY
Cashier.



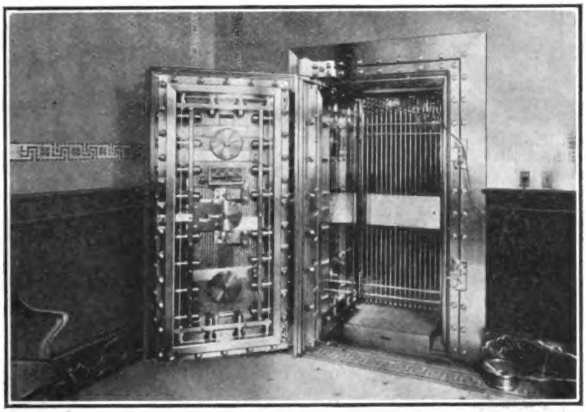
View Showing Parts of Officers' Quarters and Lobby.

Historical.

The Charlotte National Bank began business in 1897 in very modest quarters. It has developed wonderfully from that time to this and the new building has grown out of an imperative need of more room in which to conduct the business.

Measured by its growth, which is one of the best standards by which to judge of the management of an institution, the Charlotte National Bank has been remarkably successful. This is better shown by the following comparative statement of total deposits on the dates named.

All corner pilasters and cornices are of Grecian marble, with bronze and metal screens, topped with bronze art metal screens, while the woodwork throughout the bank's quarters is of solid mahogany of an especial design and finish.

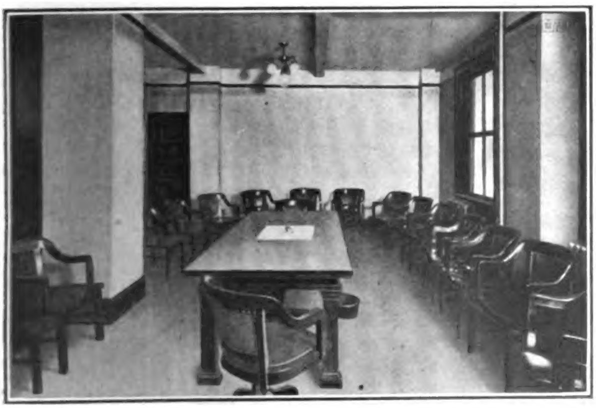


Vault Door—Open.

The Ladies' Room.

No bank of the present day is complete without a properly appointed ladies' rest and writing room, and when plans were perfected for the present home of the Charlotte National, more attention was given this department than almost any other.

The officers' quarters are located at the end of the corridor, convenient to the public as well as to the working space.



Directors' Room, Charlotte National Bank.

Deposits.

Dec. 15, 1897..	$154,390.25
Dec. 10, 1901..	561,132.16
Nov. 12, 1906..	780,356.23
Nov. 10, 1909..	1,273,525.32

Total Assets.

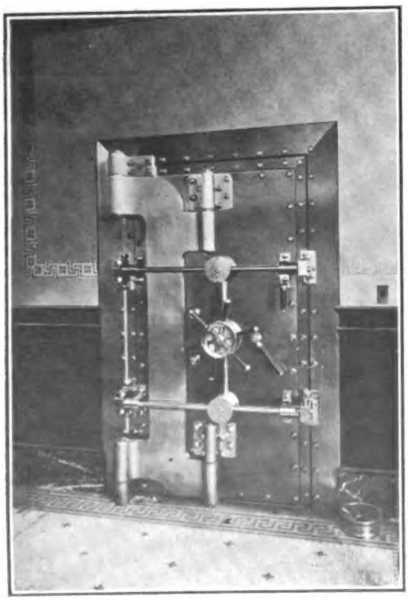
Dec. 15, 1897..	$349,888.96
Dec. 10, 1901..	944,248.86
Nov. 12, 1906..	1,260,846.65
Nov. 10, 1909..	1,913,115.27

This is a record of growth which strikingly attests the vigorous management of the bank and its capacity to supply an important share of the banking facilities of Charlotte and the surrounding territory.

The Charlotte National Bank Building.

The savings department, established two years ago, in response to popular demand, has become a most important feature of the bank's business. Interest at the rate of four per cent. per annum, compounded quarterly, is allowed. The bank is a depositary for the United States, the State of North Carolina and the city of Charlotte.

B. D. Heath is president; John M. Scott and J. H. Little, vice-presidents, and W. H. Twitty, cashier.



Vault Door—Closed.

NO PAPER MONEY IN PERU.

"THERE is not a piece of paper money in Peru," said the Hon. Samuel M. Taylor, former Secretary of State of Ohio, but for the last three years United States Consul-General in Peru, "but all financial transactions are in actual coin. Their system is a sort of decimalized adaptation of the English method. They divide the gold pound into sols, ten sols to the pound, so that the sol equals fifty cents in our money. Smaller denominations are represented by silver coins of ten cents and twenty cents and the copper penny of the value of two cents. For a while the Government coined a $2 gold piece, but the women were so crazy about them for ornaments that none could be kept in circulation."—*Baltimore American.*

CHRISTMAS MONEY.

THE resources of the banks of the United States are to-day $21,000,000,000.— ***Bank report.***

Twenty-one billions! Great Scott!
What a lot
Of money we fortunate Yankees
Have got!
We're all Rockefellers and Morgans, it seems
Richer than ever we've dreamed in our dreams.
Twenty-one billions! Let's roll it around
Our tongues, as we gloat on the elegant sound!

Twenty-one billions! Oh, gee!
Why, we
Have money to burn, it is easy
To see—
Money to feed to the filly-too birds,
Money too much to express in mere words!
Twenty-one billions! The sweet phrase we turn.
Money to scatter, to squander, to burn!

Twenty-one billions! Wow wow!
But how
Can each get his share of the boodle
Right now?
For if 'twas divided, 'tis easy to see,
Two hundred and forty each portion would be.
Twenty-one billions! Oh, jubilant sound!
But what is the use if it's not passed around.

PAUL WEST.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Leopold Friedrich, manager of the foreign department of the National Bank of Commerce, has been elected a member of the Chamber of Commerce.

—The Chatham National Bank has notified the secretary of the New York Stock Exchange that it purposes to increase its capital stock by $150,000 to $600,000. The proposition to increase the capital stock of the institution will be voted upon by the stockholders at the annual meeting on January 11. It is understood that the new stock is to be offered to present shareholders in the ratio of one share of new stock for three shares of old at $320 per share. This price is approximately equal to the current book value of the stock and about $30 a share less than the current market value, the last recorded sale being $350.

—Edwin Hawley has been elected a director of the International Banking Corporation, succeeding the late George Crocker.

—Herbert H. Hewitt has been elected a director of the Seaboard National Bank, to succeed Franklin Quinby, who resigned because of ill health. Mr. Hewitt is president of the Magnus Metal Co.

—Eward B. Smith and Company of 27 Pine street announce the retirement of Osborn W. Bright and Charles F. Bloomer as members of the firm, and of Francis E. Bond as active partner. Herbert H. Dean and Thomas Newhall have been admitted to membership.

—The Liberty National Bank, which has just declared its regular quarterly dividend of five per cent and an additional dividend of ten per cent., making a total of thirty per cent. for the year on a capital of $1,000,000, was organized in 1891. The original capitalization was $500,000, on which twenty per cent. was paid annually. In November, 1902, the capital was increased to $1,000,000, and on this sixteen per cent. was paid up to 1906. Since then twenty per cent. has been the regular rate, with extra dividends of five per cent. in January, 1907 and 1908. In its last report to the Comptroller of the Currency the bank had in loans and discounts $13,770,404 and $3,643,198 in cash. Surplus and undivided profits amounted to $2,704,451, and undivided profits subject to check, $9,743,465.

—At a meeting of the shareholders of the Fourth National Bank, held December 16, 1909, it was voted to increase the capital stock of the bank from $3,000,000 to $5,000,000 by a vote of 22,878 shares in the affirmative to none in opposition. The president of the bank denied emphatically that interests in the Hanover National had secured representation on the Fourth National's directorate, as had been rumored.

—Gates W. McGarrah has been elected a director of the Mercantile Trust Company. He is also president of the Mechanics' National Bank. The directors of the Mercantile have declared the regular quarter's dividend of five per cent. and an extra dividend of five per cent. One million dollars was added to the surplus account, making the total surplus of the company $9,000,000.

—When Edward Earl became cashier of the Nassau Bank in January, 1907, the bank had deposits of $3,800,000; by the middle of November, 1908, at which time Mr. Earl

EDWARD EARL
President The Nassau Bank of New York.

was made president, the deposits had increased to $6,126,778. In twelve months' time, with Mr. Earl as president, the Nassau Bank increased its deposits rapidly, attaining the splendid figure of $8,130,877 on November 16 last. Mr. Earl was but recently elected a member of the Chamber of Commerce.

—The Fidelity Trust Company has declared its third semi-annual dividend of three per cent. and has also added an extra dividend of one per cent.

—The directors of the Lawyers Title Insurance and Trust Company have elected Amos F. Eno a director to fill the vacancy caused by the death of John Webber and have appointed Robert I. Smyth an assistant treasurer of the company. Mr. Smyth has been paying teller for more than ten years.

—Gates D. Fahnestock, vice-president and trustee of the Franklin Trust Company, Brooklyn, has been compelled by failing health to retire, much to the regret of his colleagues. He will make a long visit to Europe in quest of health and recreation.

—It is announced that the annual dinner of the New York State Bankers' Association will take place Monday evening, January 17, at the Waldorf-Astoria. It is hoped to have President Taft as the guest of honor.

—Superintendent of Banks O. H. Cheney has appointed Frederick J. Seaver of Albany as First Deputy Superintendent of Banks at an annual salary of $4,500.

—John F. Thompson has resigned from the vice-presidency of the Bankers' Trust Company, an office he has held since the

company's organization seven years ago. His retirement is due to his desire to obtain a much needed rest, and is in accordance with the advice of his physician. Mr. Thompson, in addition to being vice-president and a director of the Bankers' Trust Company, is a director of the Astor Trust Company, the Summit Bank and the Rock Island Company and vice-president and director of the Maltbie Chemical Company. He will continue to be a director of the Bankers' Trust Company.

—F. J. H. Sutton has been elected trust officer of the Guaranty Trust Company.

—Watkins Crockett, recently with the Fourth National Bank of Nashville, Tenn., has been elected a vice-president of the Van Norden Trust Company; Bradley Martin, Jr., has been elected treasurer, and Martin J. Condon, president of the American Snuff Company, has been elected a director. Mr. Condon is also a director of the Carnegie Trust Company.

—The merger of the Mechanics' National and the National Copper Banks was approved at a special meeting of the stockholders of the Mechanics' National held December 23, 1909. The special dividend of \$21 a share paid to the Mechanics' National stockholders in connection with the merger of the two institutions was also approved. The business of the two institutions, under the name of the Mechanics and Metals National Bank, will be merged at the close of business on January 29.

—James N. Wallace, president of the Central Trust Company, has been elected a director of the Hanover National Bank.

—John J. Lapham, third vice-president of the Central Leather Company, has been elected a director of the Importers and Traders' National Bank to fill the vacancy caused by the death of James R. Plum.

—Several increased dividends by financial institutions were announced December 21, 1909. Besides the Bankers' Trust Company, which declared a dividend at the old rate on a capital which was trebled since the last dividend was declared, the Importers and Traders' National Bank declared a semi-annual dividend of twelve per cent., compared with a payment of ten per cent. six months ago.

The Empire Trust Company declared a semi-annual dividend of five per cent., or at the rate of ten per cent. for the year. This is an increase of two per cent. in the annual rate.

NEW ENGLAND STATES.

—James J. Storrow, who is a candidate for mayor of Boston, has resigned as a director of the First National Bank of that city. He also recently retired as president of the Boston Chamber of Commerce, but maintains his partnership in the banking firm of Lee, Higginson & Co.

—Charles F. Ayer has been elected a director of the Eliot National Bank of Boston, to succeed Frederic C. McDuffie. Mr. Ayer is a director of the Old Colony Trust Company, State Street Trust Company, New England Telephone & Telegraph Company, Distilling Company of America, American Pneumatic Service Company, Southern Massachusetts Telephone Company, Tremont & Suffolk Mills, New Hampshire Electric Railway Company, Merrimack Manufacturing Company, Boott Mills and J. C. Ayer Company.

—Henry G. Newton, president, and E. C. Boyd, vice-president, of the People's Bank of New Haven, Conn., have resigned, and Joseph Hubinger and Charles W. Murdock have been elected president and director,

respectively. The bank's surplus will be increased to $50,000.

—Harry A. Dunbar, who has been connected with the Agricultural National Bank of Pittsfield, Mass., for the past twenty-five years, has resigned his position to be one of the Pittsfield representatives of Swartwout and Appenzeller of New York, who have opened an office in the Agricultural National Bank building.

—Charles F. Gardner of Rockland, Me., has been elected treasurer of the Camden Savings Bank of Rockport, Me., to succeed W. A. Holman, lately resigned to take a position with a Portland bond house. Mr. Gardner is assistant treasurer of the Security Trust Company of Rockland, with which bank he has been associated since it began business six years ago.

—The Gardner National Bank of Gardner, Me., originally organized as a State bank in 1813, and the Oakland National Bank, fifty-five years old, are combining as the National Bank of Gardner, with $50,000 capital. E. L. Bussell, who is mayor of the place, will be president of the new institution, and the two merged banks will, of course, each go through the form of liquidation.

—The annual meeting of the Salem Savings, of Salem, Mass., was held December 15, 1909, and the following officers were elected: Charles S. Rea, president; George H. Allen, Daniel A. Varney, George R. Jewett, Francis H. Lee, Wallace A. Chisholm and George West, vice-presidents; Charles S. Rea, George H. Allen, Daniel A. Varney, George R. Jewett, Francis H. Lee, George West, Robert Osgood, Wallace A. Chisholm, George W. Grant, Henry O. Fuller, George Chase, William P. McMullen, John Pickering, Henry P. Benson, Edward Lane, Frederic G. Pousland, William D. Chapple, George R. Felt, John J. Mack, Richard Wheatland, Robert M. Mahoney, William E. Northey and Eugene J. Fabens, trustees.

—Albert L. Aiken, president of the Worcester County Institution for Savings,

has been elected a director of the State National Bank of Boston, to fill the vacancy caused by the death of R. H. Stearns.

EASTERN STATES.

—The Mortgage Security Trust Company of Pittsburgh has been chartered with a capital of $125,000, the directors being S. E. Rupp, R. O. Glover, J. W. Swartz, Harrisburg, Pa.; J. E. Hartman, Lebanon, and E. J. Lomnitz, Altoona; with Raymond G. Stover, Harrisburg, as treasurer and secretary.

—The Guarantee Title & Trust Company of Pittsburgh has opened a mortgage department for the purpose of securing mortgage investments for the uninvested funds of that institution, and of accommodating its patrons desiring mortgage investments, the security of which will be guaranteed by the company. The department will be operated along lines similar to those employed by the large trust companies of Philadelphia and New York, but will embody a number of original features and will meet a demand as yet unsupplied in Pittsburg. John A. Shoemaker, who has for a number of years been connected with the title insurance business, will be in charge of the new department.

—A special meeting of the Washington Trust Company of Pittsburgh, Pa., will be held on February 15 for the purpose of voting on a proposition to increase the capital stock from $125,000 to $400,000. It is the intention, if the increase be authorized, that the stock shall be issued at the discretion of the directors, and that it shall not be put out at less than $150 a share.

—William Innes Forbes, who is associated with Cassatt & Co., and who has been elected a director of the Franklin Trust Company of Philadelphia, succeeds Walter Whetstone, resigned.

—William Milnes, secretary and treasurer of the Belmont Trust Company of Philadelphia, has been elected to the board of directors to fill a vacancy. At the annual meeting of stockholders the following were elected directors to serve for four years: Earnest L. Tustit, O. W. Osterlund and J. Clark Moore, Jr. The first annual report, covering a period slightly less than a year, showed satisfactory progress. The company opened for business December 7, 1908, and received the first day fifty check accounts and nineteen savings accounts, with aggregate deposits of $49,996. On November 30 this year there were 540 check and 660 savings accounts and total deposits of $169,443.

—The Corn Exchange National of Philadelphia makes the following splendid report as of November 16: Loans and investments, $14,237,524.13; due from banks, $2,805,099.78; cash and exchange, $5,185,838.13; total resources, $22,228,462.04. The capital is $1,000,000; surplus and profits, $1,387,786.63, and deposits, $19,003,375.41.

—Horatio G. Lloyd has resigned as president of the Commercial Trust Company of

Philadelphia, to become affiliated with the banking firm of Drexel & Co. Mr. Lloyd's resignation took effect on December 15, 1909. He has been at the head of the company for seven years, prior to which he was a vice-president. He will continue as a director of the institution. It is announced that G. Clymer Brooke, of George S. Fox & Sons of Philadelphia, is also to become associated with Drexel & Co. It is the expectation that both Messrs. Lloyd and Brooke will be admitted to membership in the firm.

—E. P. Balderston has replaced the late Bernard Taylor as cashier of the Northern National Bank of Philadelphia.

—B. Dawson Coleman of Lebanon, Pa., has been elected a director of the Girard Trust Company of Philadelphia.

—John M. Campbell has been elected vice-president of the Continental Title & Trust Company of Philadelphia.

—C. H. K. Curtis, president of the Curtis Publishing Company, has been elected a director of the Real Estate Trust Company of Philadelphia.

—On November 16 the First National Bank of Media, Pa., reported deposits of $768,546; a surplus of $300,000; undivided profits of $33,116, and total resources of $1,323,879. The bank pays a yearly dividend of sixteen per cent., and its stock sold recently for 397½.

—A. A. Sterling has been elected a vice-president of the People's Bank of Wilkes-barre, Pa., succeeding the late F. J. Leavenworth. Isaac M. Thomas was chosen at the same meeting to fill the new office of second vice-president and Samuel McCracken was chosen to succeed Mr. Sterling as cashier. Isaac P. Hand succeeds Mr. Thomas as secretary.

—William W. Cohen, a member of the New York Stock Exchange has been elected a director of the Merchants' National Bank of Jersey City.

—On January 1 the Citizens National Bank of Johnstown, Pa., will be absorbed by the First National of that city, the former going out of business entirely. The First National will have a capitalization of $400,000, surplus of $400,000 and undivided profits of $40,000.

—H. I. Taylor, a clerk of the Corn Exchange National Bank of Philadelphia, has been elected cashier of the newly organized First National Bank of Blackwood, N. J.

—Stockholders of the National Bank of Commerce, Baltimore, Md., have unanimously voted to increase the capital stock from $300,000 to $500,000. Stockholders have the option of paying for one-half of the new stock in January and one-half in April, but resolutions were passed asking the shareholders to pay in full before January 3.

—The stockholders of the Potomac Savings Bank of Washington recently voted to increase the capital stock from $50,000 to $100,000.

MIDDLE STATES.

—John W. Low has been elected vice-president of the National Produce Bank of Chicago.

—Nathaniel C. Moore has been elected a director of the Chicago Title & Trust Company, succeeding the late H. A. Haugan.

—Permission to organize the Logan Square State Bank of Chicago has been granted to Francis E. Thornton, Frank W. Rashall and Ernest S. Rashall. The capital is $200,000.

—Directors of the Corn Exchange National Bank of Chicago have increased the quarterly dividend from three to four per cent., thus placing the stock on a sixteen per cent. annual basis. The directorate has also authorized the transfer from profit and loss account to surplus of $1,000,000. This makes the capital stock of the institution $3,000,000 and the surplus $4,000,000, with undivided profits of $1,310,000. It has been rumored that the share capital would be increased, but that action may not be taken for some time, if at all. The shares of the bank have recently advanced from $385 a share to $422. The book value is $277.

—For November 16 last, the National Bank of the Republic in Chicago reports as follows: Loans, $16,687,308.10; U. S. bonds, $1,963,023.27; real estate, $26,376.86; cash and exchange, $9,862,218.62; total resources, $28,583,926.79. The capital is $2,000,000; surplus and net profits, $1,153,654.64; due depositors, $22,613,772.15.

—The National Trust Company, with capital, surplus and undivided profits of $485,000, has been organized in Minneapolis and the organizers expect to open for business some time the fore part of 1910. John E. Luce, Earl D. Luce and F. W. Ives are the incorporators and will be respectively president, vice-president and secretary. Permanent officers will be elected later. Twenty-one Minneapolis men, other than the officers named, are said to be associated as stockholders. The Phœnix Loan & In-

vestment Company, which owns and operates the Phœnix office building, Fourth street and First avenue south, will be absorbed by the new trust company. The location of the offices of the new company has not as yet been decided upon.

—During the past twelve years the deposits of the Security National Bank of Minneapolis have increased as follows:

1898	$4,750,000
1899	4,962,000
1900	5,310,000
1901	7,288,000
1902	8,934,000
1903	9,121,000
1904	9,996,000
1905	11,435,000
1906	12,014,000
1907	14,087,000
1908	18,266,000
1909	20,945,000

—Beginning with the new year the Davenport (Ia.) Savings Bank will inaugurate and maintain a commercial department, which is the outgrowth of the bank's rapid increase of business.

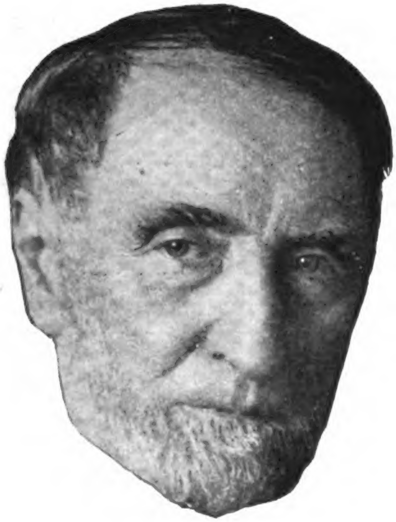
—The Des Moines National reports as follows at the close of business November 16, 1909: Loans, $3,101,666.11; U. S. and other bonds, $395,018.57; cash and due from banks, $1,335,607.34; total resources, $5,-014,199.62. The capital is $300,000; surplus and profits, $115,542.52; deposits, $4,326,-657.10. This is a gain in deposits of nearly a million dollars since the call a year ago.

—W. F. Churchman, for many years president of the Capital National Bank of Indianapolis, is president of the new Planters' Bank, but recently chartered in St. Louis. Charles H. V. Lewis, the cashier, was for years cashier of the Union National Bank of Kansas City, Mo. The directors of the new bank are: Robert Meyer, W. J. Cord, Louis Maull, Dr. J. H. Simon, W. F. Churchman, Charles H. V. Lewis, Sam B. Payne, J. H. Whitecotton, B. Frohnichstein, August Heman, A. S. White, Guy McCune, William G. Young, G. L. Williams and Howard P. Smith.

—Under date of November 16, 1909, the First National Bank of Kansas City reports deposits of $27,110,154, a capital of $500,000, $250,000 earned, and a surplus of $1,000,000.

—At the close of business, November 16, 1909, the National Bank of Commerce, Kansas City, Mo., reported total resources of $28,717,026; loans and discounts of $13,-525,593; a surplus of $250,000, and deposits of $24,238,701.

—The Merchants' National Bank of Cincinnati has been absorbed by the First National Bank of that city, giving the First National surplus and undivided profits of $2,100,000 and deposits of $26,000,000. W. S. Rowe, president of the First National, continues in that position. M. E. Ingalls, president of the Merchants' National, retires.



—The Cunningham National Bank of Joplin, Mo., reported on November 16 total deposits of $617,871; a capital of $200,000; a surplus of $100,000, and undivided net profits of $14,082. Mrs. V. F. Church is cashier.

—R. W. Hawkins, a Missouri State bank examiner, reports the Salisbury (Mo.) Savings Bank to be in an excellent condition. On November 16, 1909, the bank reported deposits of $248,222. The capital is $30,000; surplus and profits, $17,954. There has been a net gain in deposits of $25,375 since last June.

—On January 1 the Commercial and Savings Bank and the Planters' Bank & Trust Company of Hopkinsville, Ky., will be consolidated under the name of the Planters' Bank & Trust Company, in the present quarters of the latter. The officers will be as follows: James West, president; T. J. McReynolds, vice-president; A. H. Eckles, cashier; J. F. Garnett, chairman of board of directors and personally in charge of trust department; Ira L. Smih, secretary of trust department; Richard DeTreville, manager of savings department. The capital stock will be $150,000.

—At a recent meeting, stockholders of the Third National Bank of Lexington, Ky., voted to increase the capital stock of that institution from $200,000 to $300,000. The new issue of stock is to be offered at a premium of $50 per share, the premium to go to the surplus fund of the bank.

—R. L. Baker has retired from the vice-presidency and directory of the Phœnix National Bank of Lexington, Ky., after a period of four years' service as vice-president and twelve years as director. His successor will be elected at the regular stockholders' meeting in January.

—The Continental National of Indianapolis, which began business September 15, 1909, with deposits of $242,000 on the opening day, in its report of condition, November 16, 1909, showed deposits of $541,479.95. The capital is $400,000, of which $292,458 has been paid in. Loans and discounts are $384,503.95, and total resources, $1,045,937.95. The auspicious beginning of the Continental augurs well for its future progress.

—At the annual meeting of the Mercantile Trust Company of St. Louis on December 13, 1909, Jacob Klein was elected a director, to take the place of E. G. Cowdery, who has removed to Chicago. Mr. Klein,

who is an ex-judge, has been counsel for the trust company for some years.

SOUTHERN STATES.

—For November 16, 1909, the Merchants' National Bank of Richmond, Va., reports loans of $4,081,462; a surplus and undivided profit of $912,334, and deposits of $5,551,080.

—The West Virginia Bankers' Association adopted the group system at a recent meeting held at Parkersburg. The State was divided into nine groups, which will hold meetings once a year in addition to the annual convention, which next year will be held at Huntington in June. The new groups will be organized immediately after the first of the year.

—The People's National Bank of Lynchburg, Va., reports deposits of $1,241,743, a surplus of $300,000 and total resources of $2,240,811. The bank advertises extensively and is building up a splendid business.

—In a recent report the National Bank of Savannah, Ga., gave its resources at $2,733,029; surplus, $400,000; undivided profits, $59,595; deposits, $1,576,718.

—W. C. Powell is to be the active president of the new Fourth National Bank of Jacksonville, John H. Powell is to be vice-president, and E. D. Walter, for a number of years cashier of the National Bank of Brunswick, Ga., will be cashier.

—George M. Webb has been elected president of the City Bank and Trust Company of Birmingham, Ala., vice John W. Worthington of Chicago, who is no longer connected with the institution. Mr. Webb is well known in financial and industrial circles in Birmingham. Ben T. Head, who has been vice-president of the City Bank and Trust Company, will give his personal attention to realty holdings in Birmingham and Gadsden. He is president of the Gadsden Land and Development Company and owns also 800 town lots there. He will maintain offices at the City Bank and Trust Company.

—The Pascagoula National of Moss Point and Scranton, Miss., reports a capital of $75,000, a surplus and undivided profits fund of $9,025, and deposits of $290,768. The officers are: H. C. Herring, president; A. F. Dantzler, vice-president; T. W. Milner, cashier, and A. N. McInnis, assistant cashier.

—Negotiations concluded December 11, 1909, resulted in the largest bank merger that has been made in Dallas or Texas for several years, when the Third National Bank and the Trinity National Bank consolidated, giving Dallas a financial institution with resources approximating $12,000,000. The consolidated bank has begun business under the name of the City National Bank. Its capital will be increased to $2,000,000, and it is estimated that its deposits will be in the neighborhood of $10,000,000, the Trinity National having deposits of over

$4,000,000 and the City National about $5,600,000. The officers of the new bank are: J. B. Wilson, chairman of the board; E. O. Tenison, president; R. H. Stewart, first vice-president; C. R. Buddy, second vice-president; J. Howard Ardrey, cashier, and Lyon P. Talley, assistant cashier. The Third National Bank is the oldest banking institution in North Texas, having been established in 1873. The Trinity National National Bank was organized early in 1909, opening with deposits of more than $2,000,000 and increasing that to more than $4,000,000.

—The National Bank of Commerce, San Antonio, Texas, has issued an attractive statement, bearing a half-tone cut of the bank's building on the back cover. Deposits are reported to be $2,197,587, while the surplus and undivided profits fund is now $307,172. The capital remains as before at $300,000.

—One of Texas' newest banks, the Guaranty State Bank and Trust Company of Dallas, reported very favorably on November 16, 1909. It has a capital stock of $400,000 and has out about $670,000 of loans and discounts. Its deposits have advanced to over a million dollars in less than three months.

WESTERN STATES.

—November 15, 1909, was the anniversary of the Lincoln County National Bank of Shoshone, Idaho, and its report to the Comptroller on that date completed a comparative table of deposits made up as follows:

	Deposits.	Resources.
Nov. 27, 1908	$36,162.77	$66,653.69
Feb. 5, 1909	78,004.33	115,504.33
April 28, 1909	81,311.50	141,311.40
June 23, 1909	132,911.21	192,911.21
Sept. 1, 1909	155,650.09	215,650.09
Nov. 16, 1909	222,194.21	284,308.10

—The Merchants' Loan & Trust Company of Rapid City, S. D., has secured a site, 130x80, for the erection of a building to cost between $50,000 and $100,000.

—F. C. Dennis of Tulsa, Okla., one of the assistant state bank examiners, has accepted a position as special bank examiner for the members of the Oklahoma City Clearing-House Association.

—The National Bank of Batesville, Ark., reports under date of November 16, 1909, deposits of $397,987, surplus and profits of $7,548 and total resources of $504,936.

—Deposits in the six banks of Colorado Springs aggregate $11,588,062.56, according to the reports issued in response to the call of the Comptroller of the Currency, on November 16. These deposits are distributed as follows: Exchange National Bank, $4,353,268.12; Colorado Savings Bank, $803,347.38; El Paso National Bank, $2,000,098.38; Colorado Title & Trust Company, $1,487,236.30; Colorado Springs National Bank, $377,760.06; First National Bank, $2,566,352.32. This is an average of $350 to every man, woman and child in the city, an amount probably in excess of that of any other city the same size in the country.

—The Colorado State and Savings Bank of Denver has increased its capital from $25,000 to $50,000.

—For November 16, 1909, the James River National of Jamestown, N. D., reports as follows: Loans and discounts, $658,559; overdrafts, $218; resources, $866,-691; capital, $100,000; surplus, $50,000; undivided profits, $11,543; circulation, $24,-500; deposits, $680,648. W. B. S. Trimble is president; H. T. Graves, vice-president, and A. B. Devault, cashier.

—The Bank of Taylor, Neb., has increased its capital stock from $5,000 to $10,000.

—The Bank of Idaho, Boise, Idaho, was opened in July, 1908. It has a capital of $100,000 and deposits of over $600,000.

PACIFIC STATES.

—S. D. Oneal, cashier of the Farmers' State Bank of Colfax, Wash., has resigned and will be succeeded by W. R. Anderson, assistent cashier in the First Savings and Trust Bank. Mr. Anderson has been in the banking business in Colfax for seven years, first with the old Second National, then the Colfax National, later going to the First National and then to the First Savings and Trust, in which he succeeded Ellis Laird, who has been deputy county treasurer for three years, and will take the place in the First Savings and Trust Bank vacated by Mr. Anderson.

—Last April, the nineteenth day, the Chalis (Wash.) National Bank opened for business. By June 23, 1909, its deposits were $48,649.12; by September 1 they had increased to $63,872.67 and on Nov. 16, 1909, the last report, they were $93,034.66.

—Acccording to the recent statement issued by the National Bank of Commerce Seattle, Wash., under date of Nov. 16 last, deposits have increased practically a million dollars during the past two and one-half months. In exact figures, deposits are now reported at $13,006,195, as against $12,176,902 on Sept. 1 last. Aggregate resources have advanced from $14,894,020 to $15,780,515. The bank will shortly remove to its handsome new quarters on Second avenue. M. F. Backus is at the head of this progressive institution. R. R. Spencer and Ralph S. Stacy are vice-presidents and J. A. Swalwell is cashier.

—An announcement from the Portland Trust Co. of Portland, Ore., states that the directors, in the desire to extend the commercial business of the institution, have elected N. U. Carpenter, formerly of Baker City, an active vice-president. W. E. Grace has been elected a director of the company.

—Capital stock of the United States National Bank of Portland, Ore., will be doubled January 1. The capital stock, beginning the new year, will be $1,000,000. At present the capital stock and surplus is $1,000,000, but in January the capital stock will be $1,000,000, with surplus $725,-000 additional. This is $25,000 over the present surplus.

The United States National is the third Portland bank to bring its capital stock to the million-dollar mark. The others are the First National and Ladd & Tilton, the latter having increased its capital stock to that sum several months ago. There is only one bank in the Pacific northwest having a capital stock larger than $1,000,000.

—M. S. Corrigall has been elected president of the First National Bank of Heppner, Ore., to succeed C. A. Rhea, and J. B. Natter was chosen vice-president to fill the vacancy caused by the resignation of T. Rhea.

—The Sacramento Valley Trust Co. of Sacramento, Cal., has been organized with $1,000,000 capital and is scheduled to begin business in January in the Clunie Building. A. L. Darrow, first vice-president of the Fort Sutter National Bank of Sacramento, has taken an active part in the establishment of the new institution, and is a member of its directorate. The officials chosen for the company are: President, Albert Bonneheim; first vice-president, F. L. Holland, who resigns as vice-president of the Western National Bank of San Francisco; second vice-president, George J. Bryte, president of the Fort Sutter National Bank; third vice-president, A. Hochheimer, and cashier, L. P. Dodson.

CANADA.

—The annual statement of the Bank d'Hochelaga shows net profits for the year ending November 30 of $360,821, compared with $381,387 last year. The bank paid out $200,000 in dividends, wrote $13,731 off the bank premises, added $150,000 to the reserve fund, which now stands at $2,300,000, and carries forward $33,812.

—The Merchants' Bank of Canada has secured authority from its shareholders to increase its capital from $6,000,000 to $10,000,000. Only a small amount of the new capital will be issued in the near future.

—Fred W. Bain, formerly of the Ingersoll branch, has been appointed manager of the Montreal branch of the Traders' Bank, which is located in Montreal in the Metropolitan building, vacated a short time ago by the Eastern Townships Bank.

—For the year ending Sept. 30, 1909, the Montreal Trust Company reported a capital of $500,000 with undivided profits at $104,997, or nearly twenty-one per cent. on the paid-up capital, while the deposits are placed at $479,683. The resources comprise bonds and stocks to the value of $417,077, time loans, $175,978; demand loans, $313,390; commission and accounts received, $13,923; cash on hand and in banks, $160,229, and office accessories, $4,081. The officials of the company are: President, H. S. Holt; vice-president, Robert Archer; manager, E. C. Rhea, and secretary, V. J. Hughes, while the board of directors is composed of leading Canadian financiers and business men.

—A report of the Canadian Bank of Commerce for the year ending Nov. 30, 1909, gives the net profits as totaling $1,510,695. The capital, paid up, is $10,000,000 with a rest or reserve fund of $6,000,000; deposits bearing interest and those not bearing interest amounted to $120,486,978.

—The Molson's Bank, of Montreal, it is expected, will shortly increase its capital by $1,000,000, disposing of the entire amount to the London banking firm of Sperhing & Co.

—Comparison of three yearly statements of the Bank of Ottawa for the years 1907, 1908 and 1909, respectively, shows this bank to have had a prosperous year.

	1907	1908	1909
Net profits	$443,288	$429,879	$421,065
Circulation	2,842,485	2,835,320	3,162,900
Deposits	22,988,769	24,085,416	28,776,193
Capital	3,000,000	3,000,000	3,297,550
Rest	3,000,000	3,000,000	3,297,550
Dividend, per cent.	10	10	10
Carried forward	327,832	405,991	455,919

—The profits of the Union Bank of Canada, for the twelve months ended November 30 last, after deducting expenses for management, interest due depositors, reserving for interest and exchange and making provision for bad and doubtful debts, amounted to $407,541. After paying four quarterly dividends at the rate of 7 per cent. per annum to the amount of $224,126, and transferring to rest account $100,000, together with $100,000 written off bank premises and a $10,000 contribution to the officers' pension fund, the balance of profits carried forward was $28,676. Deposits, not bearing and bearing interest, show the large amount of $34,222,280. This is an indication of the widespread prosperity in all parts of Canada. The rest account is now placed at $1,900,000, as against the paid up capital of $3,202,670. The call and short loans on stocks and bonds show a total of $4,282,083, while other loans and bills discounted current, amounted to $26,167,159.

BANKS CLOSED AND IN LIQUIDATION.

INDIANA.

Spencer—Beem, Peden & Co. Bank; closed, December 4.

KENTUCKY.

Catlettsburg—Big Sandy National Bank; expired by limitation of charter, December 7.

MICHIGAN.

Vernon—Bank of Vernon; in hands of receiver, December 4.

MAINE.

Gardiner—Gardiner National Bank; in liquidation, December 15.

Oakland—Oakland National Bank; in liquidation, December 15.

MASSACHUSETTS.

Salem—Salem National Bank; in liquidation, November 19.

OHIO.

Collingwood—Union Savings & Banking Co.; in hands of receiver, December 3.

Hartville—Hartville Banking Co.; closed, December 4.

Toledo—East Side Banking Co.; closed, December 21.

OKLAHOMA.

Olustee—Farmers National Bank; in liquidation, November 8.

Tulsa—Farmers National Bank; in hands of receiver, December 14.

Keifer—First State Bank; closed, December 21.

PENNSYLVANIA.

Johnstown—Citizens National Bank; expired by limitation of charter, December 13.

PUBLISHERS ANNOUNCEMENTS

THE BANKERS MAGAZINE IN 1910.

It is quite appropriate in this first number of the Bankers Magazine for the year 1910 to give our readers a foretaste of what we have in store for them during the year. It is the purpose of both the editorial and business departments of the Bankers Magazine to continue improving the publication in every possible way so that it will not only maintain its present strong position in the banking field but will steadily increase the number of its readers and extend its influence. Mr. Youngman, the editor of the magazine, is one of the soundest thinkers in the field of financial literature. His opinions, as expressed in the editorial comment of the Bankers Magazine are widely quoted and considered authoritative by students of financial and banking affairs everywhere.

It is not unlikely that Congress at the present session will take up the matter of currency reform and the postal savings bank. The Monetary Commission will also present its report and the discussions which will precede such definite legislation as may be enacted will receive thorough interpretation and clear presentation in the Bankers Magazine.

The regular departments in the Bankers Magazine, new and old, will be continued and undoubtedly new ones will be added as the need for them is felt.

Perhaps the most indispensable department of the magazine to most of its readers is that on "Banking and Commercial Law." This will be continued by Mr. John J. Crawford of the New York Bar, the author of the "Uniform Negotiable Instruments Act." It will contain reports of the salient features of all important legal decisions affecting banks and bankers.

Canadian law decisions of interest to bankers will be handled by Mr. John Jennings of Toronto, Ont.

Mr. Charles A. Conant, the well-known writer on financial subjects, will continue in charge of the department of "Foreign Banking and Finance." There will be contributions to this department by a number of well-known writers, including Mr. W. R. Lawson of London, who in this number, gives us a valuable article on "British Economic and Political Conditions—a Retrospect and Forecast."

It is our purpose to improve the "Practical Banking" department materially, making it of greater practical benefit to every bank or trust company officer or employee. A special feature will be made of the reproduction of new and improved forms for facilitating bank work.

Mr. W. H. Kniffin, Jr., cashier of the Home Savings Bank, Brooklyn, N. Y., will continue the department for savings banks. Early in the year he will complete his series on "The Teller and His Task."

President Henry A. Schenck, of the Bowery Savings Bank, is preparing for us for publication in an early number an interesting article on "Dormant Accounts." Coming from the head of the largest savings bank in the country, we are sure that this article will be of the greatest interest. Another contributor to this department will be O. H. P. LaFarge of the Bank for Savings in Seattle.

Mr. Clay Herrick of the Cleveland Trust Company, author of "Trust Companies, Their Organization, Growth and Management," will continue to direct the department for trust companies. There will be a number of original articles by Mr. Herrick and other trust company men of prominence.

The new department of "Investments" which has proved so successful, will be continued under the direction of Mr. Franklin Escher. In addition to Mr. Escher's articles on current investment topics, there will be special articles by men who are well qualified to write on various phases of this important subject.

In the Latin American Department will be published a series of travelogues on Mexico, the first of which begins in the present number. Mr. R. S. Cauvin, the author of these articles, has traveled extensively through Mexico and has the gift of telling all his experiences in an interesting and instructive manner. These articles will be thoroughly illustrated. There will also be special articles on topics of interest in various Latin American countries which are becoming of increasing interest to American business men, both on account of their own internal development and on account of the rapid progress which is being made in the construction of the Panama Canal.

In the American Institute of Banking De-

partment will be published articles of special interest and value to any bank man. In addition, we shall endeavor to record the important events in the Institute at large and in the activities of the various chapters of this growing organization.

The Banking Publicity Department edited by T. D. MacGregor, will be continued along the lines which have proved so successful, special attention being given to the criticism of advertising matter submitted by various banks throughout the country. There will be articles by men who have made a success in the realm of financial advertising and there will likewise be a great many pointers from the experience of successful advertising institutions.

The Safe Deposit Department is one which has already proved its right to exist. A great many banks throughout the country are interested in the safe deposit business and there are many institutions whose sole business is the custody of valuables. We plan to have articles in this department not only by bank men and managers of safe deposit companies or departments, but there will also be articles by safe and vault manufacturers, the purpose being to give practical information to those who are looking for the best results in this business.

We are planning to make the department of "Modern Financial Institutions and Their Equipment" more extensive than formerly. We have found that bankers derive a great deal of benefit from descriptions and illustrations of new bank buildings. A particular feature will be made of a reproduction of floor plans of new bank buildings, bringing out clearly the features of convenience and comfort which are being incorporated in new buildings or new banking quarters of various institutions.

The departments of "Current Opinion," "Book Reviews," and "Banking and Financial Notes" will be carried on along the same lines as in former years.

In addition to the regular departments of the magizine, there will be a great many special articles and series of articles. There will be a particularly good series of articles on the "United States Treasury" by William Henry Smith, the first instalment of which appears in this issue of the magazine. Mr. Smith will bring out many new and interesting facts regarding the machinery and the extent of the treasury department. Many of the facts we intend to publish will be entirely new to most of our readers. All of these articles will be illustrated by many half-tone cuts. Mr. B. C. Bean, of Chicago, the well-known writer of business fiction, has promised us several stories bringing out important features of modern banking.

Among other regular contributors who will furnish some good reading material for the magazine during the year are Charles W. Stevenson of Warrensburg, Mo., who will contribute articles on country banking; Mr. H. M. P. Eckardt of Ontario, who will provide us with semi-annual reviews of Canadian banking and commerce; and Mr. E. Van Deusen who will contribute articles on financial subjects of current interest.

A LONG-LIVED ADVERTISEMENT.

A few days ago we received this letter:

"Several years ago I made a clipping of an ad. mentioning Mr. C. B. Patten's 'Methods and Machinery of Practical Banking,' thinking I might some time need the book. It was so long ago, it may be that the business is not carried on by you now, or if so elsewhere. If this finds you, please let me know if you still have the book for sale, and the price. I think the price at that time was $5.00 a single copy, or ten copies at $3.50. The ad. is worn so, I can not tell with certainty. I expect to have use for it about the first of January. Would have written so as to have had more time to get the book had I known that I would need it.

"F. O. Hill,
"Garwood, Idaho."

We are now selling the twelfth edition of this practical book and needless to say, we were able to promptly supply this customer with a copy of the book. The advertisement he referred to was over ten years old.

ONE NUMBER WORTH OVER $5.

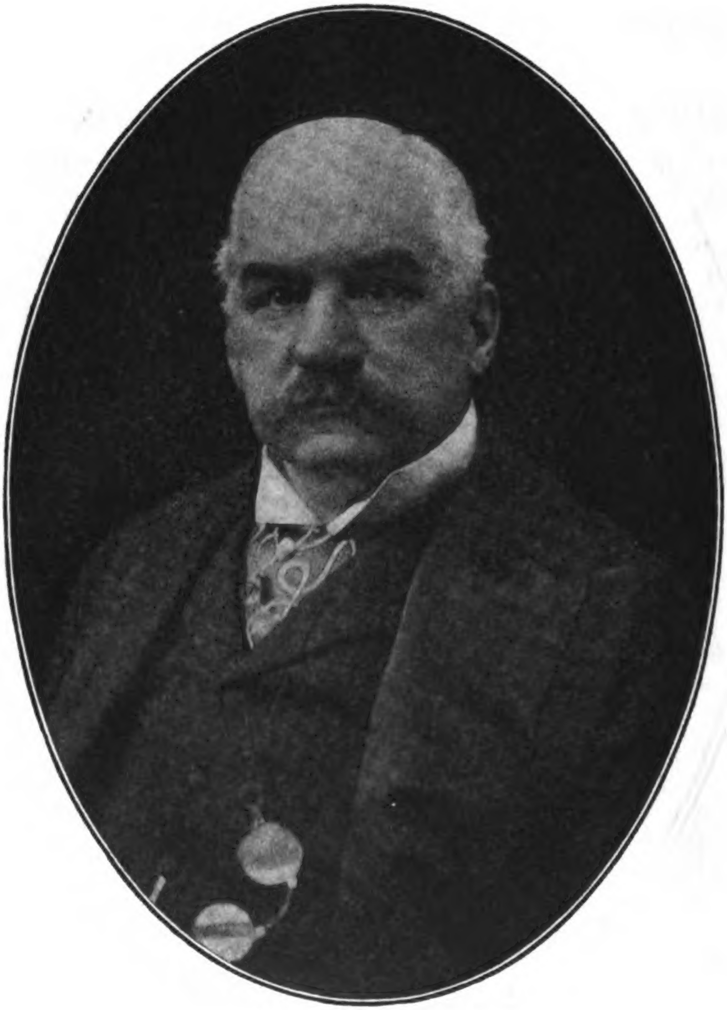
"Enclosed find Boston draft, $5, for Bankers Magazine to October, 1910.

"I find many articles in the magazine during the year each worth more to me than the yearly price.

"W. S. Tibbets, Treas.,
"Somersworth Savings Bank,
"Somersworth, N. H."

FLOATING FORTUNE FOUND.

A FLOATING substance found by James Curry and a companion in the Strait of Juan de Fuca, a few miles from Port Townsend, Wash., is pronounced by chemists and physicians who have viewed the prize as being ambergris, with a value of $100,000. The men were in a small boat and made their discovery a short distance from shore. The substance found weighs more than 150 pounds. It has thus far received only superficial tests to disclose its quality as ambergris. The substance is valuable in the manufacture of perfume and is rarely found outside the Indian Ocean or other tropical seas.—*Spokane Spokesman Review.*



J. PIERPONT MORGAN
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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR — FEBRUARY, 1910 — VOLUME LXXX, NO. 2

MERGER OF NEW YORK TRUST COMPANIES.

GUARANTY, MORTON AND FIFTH AVENUE UNITE.

BANKING consolidation is one of the natural tendencies of the times. It has been made almost obligatory by the tremendous development of enterprise, demanding a corresponding increase of banking facilities. To deal with modern business requirements, something more than mere size in capital and resources is needed. Strength and financial ability of the highest order are equally necessary for the successful handling of the vast problems of present-day finance.

There has lately taken place in New York a more than ordinarily important merger of trust companies, whereby a union is effected by the Guaranty Trust Company, the Morton Trust Company and the Fifth Avenue Trust Company—the title of the first-named institution being maintained.

Under the merger agreement the Guaranty Trust Company is to increase its capital stock to $5,000,000.

Of the increased capital stock there will have been offered before the merger to the shareholders of the Guaranty Trust Company for *pro rata* subscription at par, $1,000,000, leaving available for exchange for shares of the Morton Trust Company and Fifth Avenue Trust Company $2,000,000. The stockholders of the Morton Trust Company shall be entitled to exchange their stock for stock of the Guaranty Trust Company at the rate of four shares of Morton Trust Company stock for three shares of the Guaranty Trust Company stock. If all of the stock of the Morton Trust Company is exchanged, new stock of the Guaranty Trust Company will thus be issued to the amount of $1,500,000. The stockholders of the Fifth Avenue Trust Company shall be entitled to exchange their stock for new stock of the Guaranty Trust Company at the rate of two shares of old stock for one share of new stock. If all of the stock of the Fifth Avenue Trust Company is exchanged, new stock of the Guaranty Trust Company will thus be issued to the amount of $500,000.

Herewith is a summary of the financial position of the three companies as shown by their reports:

Upon the completion of the merger, provided all the stock of the three merging companies is exchanged, the Guar-

	Guaranty Trust Co.	Morton Trust Co.	Fifth Avenue Trust Co.
Capital stock	$2,000,000	$2,000,000	$1,000,000
Surplus and undivided profits, December 31, 1909	8,605,000	8,252,000	1,932,575
Deposits, January 4, 1910	75,614,000	33,907,000	17,787,000
Net earnings for 1909	1,628,189	1,079,000	236,289
Market values of stock (latest published sales)	835	530	395

anty Trust Company will have capital stock and surplus in the following amounts:

Capital stock	$5,000,000
Surplus, including all undivided profits (approximately)	21,000,000
Deposits (as shown in preceding table)	127,308,000

The following persons will constitute the board of directors of the Guaranty Trust Company: George F. Baker, Edward J. Berwind, Urban H. Broughton, Edmund C. Converse, Henry P. Davison, James B. Duke, Robert W. Goelet, Daniel Guggenheim, Edwin Hawley, Alexander J. Hemphill, Augustus D. Juilliard, Thomas W. Lamont, Robert S. Lovett, Edgar L. Marston, Gates W. McGarrah, Levi P. Morton, Charles A. Peabody, William H. Porter, Samuel Rea, Daniel G. Reid, Thomas F. Ryan, William D. Sloane, Albert H. Wiggin, Harry Payne Whitney.

Hon. Levi P. Morton, former Vice-President of the United States, will be chairman of the board.

Alexander J. Hemphill was reëlected president of the Guaranty Trust Company, and all the officers of the company have been retained.

While the Guaranty Trust Company becomes by this merger one of the largest banking institutions of the country, it is doubtful if its directors care to place special emphasis on that fact—though of course size is an important thing for a bank desiring to carry out large transactions; but it is believed of more importance that the elements brought together in this merger represent exceptional strength and unusual financial power.

THIS union places one more achievement to the credit of Mr. J. Pierpont Morgan, the leader of American finance. Only a short time ago a syndicate of bankers of which his firm was the head acquired the Guaranty Trust Company, and now the three institutions mentioned have been united into a single company whose resources and strength will place it first among the trust companies of the United States.

The powerful position to which Mr. Morgan has advanced in the financial world naturally attracts attention. His rise has not been sudden or startling, but slow, steady and continuous. Scoring perhaps more and greater successes than any modern financier, he has shown that he has no absolute means of determining success beforehand with mathematical exactitude. He works with human means, through human instrumentalities, and is not a necromancer or financial juggler. His success has had as its corner-stone an aim to build up industry, to keep it on a sure foundation. That he has great ability in finance, amounting almost to genius, is true. But that alone does not explain his success. He has grown great financially because he had imagination and faith, and because he has inspired confidence in others. He has won and kept the respect of the community and of his business associates. He has developed, more than any other man, the possibilities of coöperation—the great results that may be had when men work together and not against one another. His work uniformly has made for the upbuilding of industry, never for tearing down. He has been always a conservator of value, and not a destroyer. His power may be attained by few others, possibly by none; but the firm purpose and the sterling qualities which are the secrets of it may be profitably studied by every banker and business man.

As to the broad aspects of this particular consolidation, and of bank consolidations in general, this may be said: They are a natural development, called for by the growth of the enterprise.

Our greatest banks fall far below the size of a number of the European banking institutions. We are in no danger of concentration of banking in the hands of a few persons. The danger lies in the other direction—in the multiplication of small banks. In ten years the number of banks in the United States has almost doubled.

We do not believe any banking consolidation is wise that would deprive the country of its system of numerous independent banks. On the other hand, nothing, in our opinion, would more strongly contribute to banking stability than the union of many of the smaller banks in the reserve cities.

The most striking defect in our banking situation to-day lies in the comparative weakness of our reserve city banks. This weakness could be remedied by consolidating the banks, reducing their number, and thus increasing their capital, their reserves and their strength. This would enable them to afford substantial assistance to the business community at all times, and especially in periods of financial stress, without having to curtail their loans and disturbing local conditions.

The union of a number of the banks in the reserve cities, more particularly in the central reserve cities, would, in our judgment, contribute more surely than almost anything else which is practicable to preserve the financial, commercial and industrial prosperity of the United States.

Again has the New York Stock Exchange given an illustration of the ease with which stock manipulations may be carried on through its indirect agency. The occurrence to which reference is made was thus described in the financial and commercial column of the New York "Sun" of January 20:

"This event was in brief a break of 63 points in Columbus and Hocking Coal & Iron stock under circumstances which point to the operation of a swindling game for a long time past as nefarious in its character as any ever known in the financial district. The character of Columbus & Hocking Coal and Iron stock has been perfectly well known for years. The stock is not entirely worthless, but is that of a company, owning coal and furnace properties in Ohio, which has never been able in the course of its existence to earn in any one year more than a slight surplus over its interest charges, and has paid in the course of this time only trivial dividends scattered over long intervals. The financial history of the company has also been checkered by stock assessments, institutions of foreclosure proceedings and the like. Inasmuch as the ownership of the stock, which amounts in value to a little less than $7,000,000, has been concentrated in a few hands, it has been easy to mark its price up and down at the pleasure of those in control of it, and the pitiable and miserable reflection upon the whole matter is that although all these circumstances were matters of common knowledge and have frequently been referred to in the public press, yet that the authorities of the Stock Exchange allowed the security to remain upon its regular list and have sat passively by while the flagrant manipulation in it has gone on. Within a couple of days the stock has been quoted at as high a price as $91 a share. To-day the 'peg' in it was withdrawn and it fell to a price of $25 a share in a few hours. . . . It was an ugly mess viewed in the best possible light. Two Stock Exchange houses announced their failure in consequence, and the financial district

was full of rumors as to other embarrassments that might also follow."

These spectacular speculative manipulations gain much more publicity than the ordinary legitimate operations of the Exchange, which they are liable to obscure.

A warning to the Exchange was given when Governor HUGHES of New York appointed a committee to investigate its operations. This warning does not seem to have been effective, and the Legislature may yet have to intervene. It would be unfortunate if the neglect of the Exchange in carrying out obviously-needed reforms should provoke hostile and drastic legislation that would impair the efficiency of the organization in discharging its proper and legitimate functions.

FEARS of the harmful results of banking concentration are already being expressed in many quarters. Recently the Boston "Herald" voiced these fears as follows:

"Banking monopoly contains greater elements of danger than any other which threatens the national welfare. Banking is a public service. Banking facilities are an essential to business. When the banking institutions of the country become the agencies of personal, selfish interests and no longer recognize their responsibility to serve the general business interest, the full peril of these consolidations will become apparent. Already the control of banking institutions for private purposes and the disregard of the original purpose of the bank as a public servant and an agency for the common needs of business, has become so common as to constitute an actual peril in the business and financial world. In more than one instance it has been responsible for scandal and business disaster. When monopoly-seeking masters of industry and commerce find in banking institutions weapons for their warfare against competitors, and credit is given or destroyed, not on the merit of the application and the strength of business, but according as it may serve or obstruct the personal interest of the banking power, banking has been diverted from its proper purpose and becomes a menace to the community. That the banking power of the country has been so used is an open secret and the trend of consolidation and concentration, without proper regulation and restraint, increases the liability of such use.

"The nation is fearful of the result of this continued concentration, and not without reason. It is not a vague alarm inspired by demagogic denunciation of the 'money power,' but an intelligent fear based on a clear reading of the signs. It is evident that the nation will not accept the plan for a central bank, tentatively advanced by the National Monetary Commission, because of this very fear of a banking monopoly, and the possibility that one of the great circles of control in New York would dominate the central bank and thus hold complete mastery over the business life of the country. And no scheme of banking reorganization which seems to accord with this purpose of consolidation or which does not distinctively afford a check on the development of this monopolistic power will be accepted by the people. It is one of the duties which devolve on this Commission to propose such reforms that banking will be returned to its proper place in the service of business, and that arbitrary power of banking monopoly be no more possible than is unrestrained monopoly in any other recognized public service."

Whether this fear of "a banking monopoly" is justified or not, it no doubt exists, and it will grow if a central bank is established, and might finally overwhelm such an institution.

Is it wise to subject the business interests of the country to the disastrous

possibilities of another successful war upon a United States Bank?

WHEN anybody says anything against a central bank, the charge is at once made that this opposition arises from too great a reverence for the ghost of ANDREW JACKSON.

Well, "Old Hickory" had his good qualities. He was a brave soldier, he hated paper money, and he believed in the Union.

But it is not reverence for the spirit of JACKSON that leads so many thoughtful Americans to oppose the central bank.

It is a knowledge that such an institution has been fully and fairly tried, under conditions at least as favorable as those now existing, and that after a full and fair experiment such an institution has succumbed to political opposition.

Stability is an essential of any banking system.

It is especially and imperatively necessary for a great central institution designed to safeguard public and private credit.

To assure stability a central bank must be reasonably assured against successful hostile political attack.

A central bank, if established, will not have that assurance.

On the contrary, from the outset it will have to combat the antagonism of its foes who will take advantage of the first opportunity to harass and destroy it.

A central bank can not succeed, because it does not follow the lines of our political system.

If centralization and coöperation in banking are desirable, they will have to be obtained by uniting some of our existing institutions in a workable form of organization.

The whole problem centers around the character and management of the reserves. If the reserves for notes and deposits are required to be kept in gold; if the reserve city banks, under proper regulations, are permitted to issue their credit notes; if the capital and reserves of the reserve banks are increased—and, finally, if the reserve banks are brought into some form of association for certain purposes—we shall have all the banking and currency reform required without creating any new machinery and without adopting any expedient contrary to the genius of our institutions.

DILIGENT search is being made by Government experts and others to ascertain the cause of the greatly increased cost of living. One contributory cause, which may be overlooked, but which is no doubt of considerable importance, is the remarkable growth in the number of banks and the consequent enlargement of manufactured bank credits.

The Annual Report of the Comptroller of the Currency for 1909 thus refers to the growth of banking in the United States:

"Since 1900 the growth in the banking institutions of the country has been noteworthy both as to the number of banks organized and the volume of business transacted. In 1900 the total number of banks in operation as estimated was 13,977, with capital of $1,150,728,675 and individual deposits aggregating $7,688,986,450. For the present year the number (including non-reporting banks) has increased to 25,512, with capital aggregating $1,855,987,368 and individual deposits $14,425,223,164.

"National banks have increased since 1900 from 3,732, with aggregate capital of $621,536,461, to 6,893 on April 28, 1909, with aggregate capital of $933,979,903. Other reporting banks have increased from 6,650, with aggregate capital of $403,192,214 in 1900 to 15,-

598, with aggregate capital of $866,-056,465 in 1909. In 1900 the non-reporting banks were 3,595 in number, with capital of $126,000,000; for the present year the number of banks not reporting is estimated at 3,021, with capital of $55,951,000."

This indicates, roughly, an increase of 100 per cent. in banking capital and deposits within a period of ten years or less.

The "deposits" represent, to a very considerable extent, manufactured bank credit, which undoubtedly has contributed to the inflation of enterprise and to the rise in prices.

A great deal of the credit manufactured by the banks does not rest upon a reserve of gold, but upon bank notes, deposits with other banks (redeposited reserves), and upon security operations.

The promissory note as an instrumentality for creating bank credit is perhaps used here in a way and to an extent unknown in most other countries. It does not represent in all cases an actual commercial transaction, but a borrowing operation pure and simple—a kind of local finance bill which the bank accepts for a consideration in the shape of discount.

Banking expansion in the United States has proceeded at a tremendous rate in the last decade, but we fear the basis of this development has not been entirely upon the soundest basis. We do not mean that either our trade, our enterprise, or our banking is unsound, for that would be wide of the truth. But we are going too fast, especially in the creation of bank credit. And unless the pace is checked we shall have to pay the penalty, just as we have done so often in the past.

AS foreshadowing the future policy of the Government in issuing bonds, the following, taken from a recent address delivered in New York by Secretary MacVeagh, will be found interesting:

"We have outstanding about $730,-000,000 of two per cent. bonds, though two per cent. interest was never the measure of the Government's credit; and of course is not now. Two per cent. was and is very much below the measure of the Government's credit. I said in my report to Congress that possibly two per cent. bonds should never have been issued. However, we issued them, and we have issued $730,000,000 of them, and they are practically all in the national banks because they cannot be anywhere else, having no investment standing whatever.

"They cannot escape from the national banks in any important amounts because they have no place to go to. The banks can sell them only to each other, for nobody else would know what to do with them. That is the condition of the main part of the Government's debt, and it is not a position that is fortunate. The bonds are desirable to no one but a national banker, and they are only desirable to a national banker when they can be used as security with the Government for either circulation or deposits.

"As deposits are at a very low ebb these bonds are now almost entirely limited to their use as a basis for circulation. The consequence is that there is an almost necessary effort to keep them employed by forcing circulation upon the people, adding in this way a new and additional element of artificiality and inelasticity to our currency with the effect of what is apparently at present an unnecessary and hurtful expansion. To me the situation is extremely unpleasant.

"Now in issuing new bonds, either to replenish the cash in the Treasury that becomes necessary or to fund the present debt of the Panama Canal to the Treasury or to pay for the canal's further construction, my feeling is—and the feeling is very strong—that we are bound to see to it that the new bonds, if

we issue them—and I hope we may be able to issue them if we have to issue anything—shall not be permitted to pile themselves on the top of this inert—this stagnant—mass of $730,000,000 of two per cent. bonds. We have certainly issued enough bonds that are practically unmarketable, and the loss of twenty-five or thirty millions of dollars already sustained by our national banks through these two per cent. bonds, is quite enough without action upon our part to further depress their market price.

"Therefore I maintain that the Government should see to it that any new issue of bonds may go—or have at any rate the fair opportunity to go—into the hands of real investors. And this can only be done, I believe, by issuing them under such conditions of circulation privileges as do not discriminate against the two per cent. bonds, and at a rate of interest which measures as actually and accurately as possible the credit of the Government in the investment market and which will not of itself encourage the new bonds to gravitate to the old to be piled on top of them. What that rate is is not a question I am now discussing. What I wish to maintain before this large assemblage of prominent, practical financiers is that the rate should be whatever is the true investment rate and which will carry these new bonds into the general market and make them investment securities as the bonds of other nations are."

The Secretary may well regard the situation as unpleasant. Of course, he is not responsible for it. But nothing is to be gained now by belaboring those who forced this policy upon the country. We are in a bad predicament and must extricate ourselves as best we may.

The Secretary's recommendation that hereafter bonds shall be issued at a rate that will carry them into the general market, ought to be heeded. In fact, it will have to be, for the national banks, even with the circulation privilege, can hardly be expected to load themselves up with any more two per cent. bonds. As the Secretary says, nobody else will have them.

By placing future bond issues at their true investment rate, two desirable ends will be attained. In the first place, the further artificial inflation of the bank circulation will be stopped, and in the second place, savings banks and private investors will again be offered a safe form of security of which they were deprived when the Government started borrowing on a two per cent. basis.

WITH the great gain in the country's wealth new standards of prosperity were to be expected. For many years the state of the pig iron market afforded what was believed to be a fair index of the country's prosperity. But in these luxurious times nothing so "homely" as pig iron could possibly serve as a financial barometer.

The true standard by which American prosperity may now be gauged was pointed out a short time ago by Lord ROTHSCHILD in an address at Liverpool. He declared that when the diamond trade is brisk, there is no unemployment in America. Perhaps the declaration was too sweeping, but as a generalization it is probably about as accurate as any that can be formulated.

Trade in diamonds, automobiles and airships is undoubtedly very brisk at present, and business is prosperous. But this prosperity has lost some of its attractiveness through the enhanced cost of living.

DELAY in enacting such monetary legislation as is essential to assist in maintaining sound business conditions is a gigantic political blunder and a stupendous economic crime.

Marking time by sending a commission to Europe, and by compiling a

voluminous technical library on banking and currency, will deceive nobody.

The leaders have evidently determined that the undisputed sentiment in favor of a better banking and currency system shall be kept down until it can be turned to political advantage. What do they care whether or not a panic intervenes and thousands are thrown out of employment and made to suffer distress? When the people are humbled by adversity will they not then be more easily persuaded to swallow the central bank scheme?

With the country suffering from the evils of banking and currency inflation, after all the teachings of experience, and with a terrific panic surely awaiting us not far away, the Administration at Washington busies itself with an income tax, postal savings banks, Federal incorporation and other such nostrums!

The banking and currency system of the United States to-day is fundamentally defective in two important particulars—the bank reserves are not of the proper character, and the system of reserve banks is not properly organized and equipped.

Credit expansion not based upon gold will almost surely lead to inflation; and we know, from repeated tests, that our reserve banks will break down in time of panic. Nobody had to go to Europe to find these things out, nor to compile a financial library. We knew these things by experience. They have been plain for many years to anybody who observes and who has been capable of putting two and two together.

Congress might have cured the first of these defects by converting the greenbacks into gold certificates and by gradually recoining the silver dollars into subsidiary coin. But it did neither. It continued the greenbacks and bought more silver bullion. Worse yet—in spite of all expert protest—it kept on inflating the currency by the issue of bond-secured bank notes, not subject to commercial redemption, even going to the absurd length of providing for a practically unlimited supply of such currency.

Nothing whatever was done to adapt the reserve banks for fulfilling the functions they must fulfill if they are to prevent a collapse of public credit or to perform the functions for which they were designed.

Instead, we have a chimerical scheme for establishing a central bank, something totally impossible—an expedient twice tried in our history and twice discarded.

Possessed of full power over legislation, the Republican party has failed to carry out these reforms so obviously in the interest of sound and stable business conditions. Now it is intimated that the whole subject of banking and currency legislation will be postponed until after another Congress election. It must be remembered that the next session will be a short one. Have the Republicans assurance of a majority in the next House?

IN the tragedy of "Julius Cæsar," by WILLIAM SHAKESPEARE, Mark Antony is made to address a Roman mob that had just listened to a speech by Brutus, one of the assassins of Cæsar, and who had been highly elated by what they heard in extenuation of the killing of Cæsar. So much so, in fact, that they declared that Brutus should be given a statue with his ancestors. One of the more enthusiastic of the quirites —doubtless the THEODORE ROOSEVELT of his time—suggested that Brutus himself should set up as a Cæsar.

Coming into the midst of this tumultuous throng, whom he found filled with admiration for the oratorical abilities of Brutus and imbued with the belief that Cæsar was a tyrant, Antony cautiously begins his famous harangue, asseverating that he comes not to praise Cæsar but

to bury him. His first remarks about Brutus, Cassius and the other conspirators are respectful enough—he declares with emphasis and apparent sincerity that Brutus is an honorable man. But very gradually, as he recounts the splendid personal qualities of Cæsar and wins his hearers over to his side, he still praises Brutus, but in a doubtful, questioning manner, and finally after recounting Cæsar's generosity to the poor and working the mob up to a pitch of enthusiasm, he feels himself on safe ground, and with undisguised sarcasm declares the conspirators to have been wise and honorable!

Antony, who has been described as a bon vivant and a hypocrite, was—at least in Shakespeare's tragedy—a great orator. But he hardly displayed the same courage that BEECHER did in England when facing hostile audiences. Antony, in his celebrated oration, began by carefully feeling his way. Had the mob shown implacable hostility, he would doubtless have made a few conventional remarks and let it go at that. But when he found how easily he could play upon the multitude, he exercised his power to the full extent.

We are forcibly and painfully reminded of this scene by some recent developments in our political and financial history.

When Senator NELSON W. ALDRICH set out on his notable campaign of enlightenment last fall, people in all parts of the country were eager to hear him. He had but lately returned from foreign shores, bringing with him, as was supposed, the rich stores of financial knowledge of which he had despoiled Europe. From New York to Omaha admiring throngs of business men left their mirth and their employments and went to hear the oracle. What information they really gained, we do not know. If they knew nothing before, it is safe to say nothing was subtracted from their knowledge by listening to the Rhode Island Senator. Imitating the example of his Roman predecessor, he felt his way with the various audiences, never coming out flat-footed in favor of anything. He threw out vague hints about a central bank, and had his hearers lifted up their voices in servile shouts for such an institution, he would doubtless have favored it, too. But they failed to respond. Mr. ALDRICH never got the inspiration from his auditors that Mark Antony got from the Roman populace. Lacking this encouragement, the chairman of the Monetary Commission halted and hesitated and failed to come out and boldly declare his real sentiments (granting that he has any). Evidently he awaits the hour when the people shall be educated up to his central bank scheme before promulgating it. And he may have to wait a good while.

LAST year witnessed an enormous output of securities. According to the New York "Journal of Commerce and Commercial Bulletin," the aggregate issue of new bonds, notes and stocks during 1909 by railroads, traction companies, industrial corporations and mining enterprises was $1,681,620,680, which compares with $1,423,199,371 in 1908, an increase for the year of $258,-484,309. The most conspicuous change was the radical falling off in short-term notes issued by the railroads, but there was a corresponding increase in the flotation of new capital stock. Of the grand total, the railroads were responsible for $1,015,207,280, an increase of $16,091,-904, while the industrial and miscellaneous corporations contributed $666,413,-400, an increase over 1908 of $242,329,-405. In 1907 the grand total was $1,-393,913,300.

The accompanying table classifies the year's new securities issued and gives comparisons with 1908:

RAILROADS.

	1909.	1908.	Change.
Bonds	$653,355,900	$604,113,954	+ $49,241,946
Notes	52,786,580	274,105,422	— 221,818,842
Stocks	309,064,800	120,896,000	+ 188,168,800
Total	$1,015,207,280	$999,115,376	+$16,091,904

INDUSTRIAL COMPANIES.

	1909.	1908.	Change.
Bonds	$322,181,000	$197,850,000	+ $124,331,000
Notes	42,625,000	21,850,000	+ 20,775,000
Stocks	301,607,400	204,383,995	+ 97,223,405
Total	$666,413,400	$424,083,995	+ $242,329,405
Grand total	1,681,620,680	1,423,199,371	+ 258,484,309

These figures are significant as showing the vast proportions to which corporate activities have grown, and they also serve as a reminder of the demands made on our financial institutions in handling so large a volume of corporate securities.

The growing number of private investors, operating through their local banks, will make it easier for banks and trust companies to handle corporate securities than it has been heretofore.

REMINISCENCES of FERDINAND WARD recently appearing in a New York newspaper bring to mind one of the notable banking catastrophes in the country's history. It is stated in these reminiscences that the firm of Grant and Ward had some important deals on hand that would have placed the firm beyond the possibility of successful attack, but for certain contingencies which made it impossible to carry these schemes through to success. No doubt, the same extenuation for their failures could be urged by WALSH in Chicago and MORSE in New York. The weak point in this contention is, of course, that those who are engaged in banking operations should never place themselves in a position where unforeseen circumstances may bring about failure. Legitimate banking operations are never completely dependent upon the success of any one enterprise, or even of a number of enterprises. The taking of the speculative risks which usually attach to the participation of a bank in the profits of financial enterprise is almost certain to be fraught with disaster. It is quite probable that many banks have mixed up with transactions of this sort and have carried them through to success, but in doing so have placed themselves in a position where they might be liable at any time to subject themselves to successful attack.

DURING a recent meeting of bankers in New York city, the Secretary of the Treasury intimated very strongly that the Monetary Commission would not make any report until after the next Congress elections are held. He declared that it seemed to be the American policy to eliminate leading issues from the campaign. From this it appears that the Republican leaders are still afraid to come out squarely and tell the people what they propose doing, although we venture to suggest that a straightforward policy would be the one that would command the public confidence; that is, provided the Republican leaders mean to devise a financial and banking system that will be to the people's advantage and not for the benefit of some special interests. This perpetual dodging of the question will nat-

urally excite distrust. Fortunately, however, the possibility of again forcing through Congress anything so dangerous and unsound as the Aldrich-Vreeland Law appears now to be impossible. Attention to principle on the part of a continuously increasing group in Congress has gradually shown the power of an aroused public conscience, and it now seems safe to conclude that no financial measure can go through Congress that does not recognize sound principles and the just rights of the people.

GENERALLY the savings banks of New York city have adhered to the four per cent. rate of dividend, payable on deposits remaining in the banks at the close of the year 1909. To this there was one conspicuous exception—the Bowery Savings Bank, which declared a dividend of three and one-half per cent. A like rate was fixed by the Union Square and the North River.

While the rate of dividend which a savings bank may declare is a matter within the individual judgment of the trustees, we believe that, considering the general savings bank situation, the trustees that have reduced the dividend rate have acted wisely in behalf of their depositors and for the good of the savings banks as a whole. The preservation of confidence, resting upon an adequate basis of safety, is a prime requisite of savings bank management. As a reasonable precaution against depreciation of securities, actual or possible, a fair margin of resources above liabilities must be maintained. We do not wish to be understood as meaning that the banks that are paying four per cent. are unsafe—that would be an exaggeration; and, moreover, some of the banks may be quite able to pay that rate. One of them which has done so advertises, in connection with its notice of the dividend rate, a surplus of twelve per cent.

But it may be said, we think, without exaggeration that the banks which keep on paying four per cent. while their surplus funds continue to diminish toward the vanishing point are disregarding the obligations they owe to their depositors, and are pursuing a course that tends to a weakening of the safeguards that should be maintained in the conduct of the savings banks. That policy may be stopped before it has progressed far enough to be a possible source of harm—that must be determined by those responsible for the management of the savings banks.

As the Bowery Savings Bank is the largest in New York, and we believe the largest in the country, its conservative action will no doubt encourage other local banks to reduce their rate of dividends. Many of the savings bank officers have admitted the desirability of lowering the rate, but they have hesitated to make a move in that direction.

Excellent work in behalf of getting the banks to pay lower dividends until such time as the surplus held should warrant a higher rate has been done by Mr. John Harsen Rhoades of this city. In articles published in the "North American Review" and in an address before the Savings Banks Association of the State of New York, he has shown very clearly why at least a temporary reduction of the rate was desirable. His labors in behalf of a conservative course are evidently bearing fruit.

THE recent conference at Washington for promoting uniformity of State laws again calls attention to the growing difficulty of conducting inter-State business under the great diversity of laws now existing. The aim of those working for uniform State legislation was thus described by ex-Judge Alton B. Parker, of New York:

"We do not aim at absolute uniformity

of law throughout the States, but a wise and conservative uniformity. There is danger in pressing uniformity to extreme lengths. There are diversities of climates, of production, of tradition, of heredity, of population, of pursuits, among the people of our several commonwealths which should be generally respected.

"Uniformity should be promoted along the lines marked out by the commissioners on uniform laws and as much further as the diversities to which I have referred will reasonably permit.

"From this convention now assembled, representing not one or many but all the civic interests of each and all of the States, there should go out an authoritative expression in favor of uniform legislation in so far as it is conducive to the common weal. Let us strive to promote unity in diversity; unity in all that touches in like manner the internal affairs of the communities separated by State lines; diversity in those particulars which are peculiar to each commonwealth."

It is, of course, impossible under our system of government to secure uniform legislation on many subjects by the Federal Government, and to secure the same result through the numerous State legislatures is a laborious process. Nevertheless, as was shown in the case of the Negotiable Instruments Law, this can be brought about by the exercise of enough energy and patience.

NEARLY 100 pages are taken up in the Comptroller's Report for 1909, giving statistics and other information regarding the national and other banks of the United States. The report is rather remarkable for its omission of any recommendations concerning amendments to the National Banking Act. This omission is explained, however, in the conclusion of the report, by the statement that at the meeting of the National Monetary Commission in December, 1908, suggestions were submitted for consideration in connection with proposed amendments to the banking and currency laws.

Comptroller MURRAY has furnished probably the most complete statistics of the country's banks that may be found anywhere. Certainly his report contains a great deal of valuable information, which we hope to make use of in later numbers of the MAGAZINE.

GOVERNMENT bonds will get something of a boost by the action of the Secretary of the Treasury in directing that deposits of public funds in the banks must hereafter be secured by Government securities only.

It is very doubtful whether State, municipal and railway bonds should ever have been made available as security for public funds deposited in the banks. Not that the security is not good enough; in fact, the security is probably much greater than necessary, but the use of bonds of this character tends to enhance their price, and it is perhaps hardly proper that the Government should engage in a policy that might easily be criticised. At any rate, the United States two per cents. need about all the help the Government can offer in keeping up their price. Secretary MACVEAGH's action in withdrawing other than Governments as security for public deposits with the banks will have a sentimental effect chiefly, for the reason that the deposits secured by State, city and railway bonds are small in amount. Yet this sentimental effect may be quite important.

Probably it will be much better for the steadiness of the market value of United States bonds when they are sold on an investment basis purely—when they are subject only to the conditions that should properly govern their price; that is, the credit of the Government,

the interest rate and general money market conditions. The use of the bonds as a basis for circulation, or as security for public deposits, subjects them to artificial influences which may unduly enhance their market value at one time and unduly depress it at another.

Such fictitious "aids" to the Government's credit are unnecessary. Though sometimes they may be beneficial, in the long run they are quite likely to prove harmful.

NOT all the arguments against the central bank plan are valid, though we believe most of them are. Here is one that shows the question to be more than one-sided. It is from an address delivered before the Massachusetts Bankers' Association by Hon. GEORGE E. ROBERTS, president of the Commercial National Bank of Chicago and former Director of the Mint:

"Talk about the danger of a central bank getting into politics—what do you think of the possibility of the distribution of from $100,000,000 to $250,000,000 of public deposits under the control of an official, getting into politics!"

As Mr. ROBERTS intimates, the public deposits may be used for political purposes just as effectually now, and perhaps more so, than they could with a central bank. That disposes of one argument against a central bank, but there are many others not quite so easily brushed aside.

REPUTATION, we are told, is often got without merit and lost without deserving. The proof of this must have come home recently to JOHN W. GATES, formerly prominent in Wall Street, but now, we believe, engaged in growing up with a part of the great State of Texas. Mr. GATES, according to the newspapers, had delivered an address to a Methodist Conference, strongly condemning gambling and Wall Street speculation. Mr. GATES admits the speech, but denies that he said anything about speculation or gambling. The confessions of a "reformed" speculator might be interesting, but Mr. GATES evidently is not ready to assume that rôle; but he's ready to give $50,000, or $100,000, he says, to build a Methodist college at Port Arthur, provided the Methodists will put up an equal amount. Booming education is perhaps, all things considered, better than booming stocks. In requiring the other fellow to furnish his share of the capital Mr. GATES merely follows the example of CARNEGIE and other eminent philanthropists. It is a good plan, for it gives the other party to the contract a strong incentive to hustle, and that is a quality that Mr. GATES, in common with most Americans, likes very much, though it sorely grieves some of our foreign critics.

BECAUSE a considerable minority of the ruling party would not swallow everything presented to them by the dominant faction, it has been proposed to read the "insurgents," as they are called, out of the Republican party. President TAFT, though grieved at their independent attitude, apparently takes the view that while the light holds out to burn, the vilest sinner may return. He would chasten the "insurgents," but not destroy them altogether.

The "insurgents" may or may not represent the virtue in American politics. But one thing is pretty sure: they represent a rather widespread feeling of discontent with certain elements in the Republican party, of which notice may as well be taken before it is too late. Tariff legislation has not been satisfactory—perhaps none can be; but many believe that something vastly better might have been had if the Republican leaders had been as faithful to the peo-

ple as they were to the protected interests. And the doings of Mr. ALDRICH in relation to currency and banking matters are not reassuring. He is a wise politician, and can doubtless see already that the people are going to have their way. He may bend before the coming storm. The opportunity of giving to the country a sound, scientific system of banking and currency belongs to the Republican party to-day. To-morrow it may belong to some one else.

FROM its correspondent at Paris, the Evening "Post" of New York prints the following in the issue of December 18:

"A rather extraordinary incident of the day is the animosity against the Bank of France, expressed by English financial people whom one meets. They seem to consider it a national humiliation that the Bank of England should have needed the French bank's help. In both England and France, interference of politics with national finance is likely to continue. What would it be in America, if you had a central bank?"

Only recently we have pointed out this certainty of political hostility as one of the gravest problems which the advocates of a central bank must face. We do not know whether such hostility would be justifiable; that, of course, would depend upon a number of factors not now ascertainable; indeed, it is quite likely to be provoked by prejudice, but at all events it is almost sure to arise.

INDICATIONS point to the probable rejection of the proposed Federal income tax by a sufficient number of the State legislatures to insure the defeat of that measure.

The objection raised by Governor HUGHES of New York that if the amendment were adopted in the form proposed by Congress, it would make it possible for the Federal Government to lay a tax upon State and municipal securities, is no doubt sound theoretically, although in practice it would not amount to much. The members of Congress would hardly consent to the imposition of a tax upon securities issued in their respective localities, but as the Governor of New York points out, the possibility of such action is objectionable.

On the other hand, it would be of great advantage in an emergency such as war with a foreign power for the Federal Government to have the authority to enact an income tax measure.

It seems that the proposed amendment might have been more carefully drawn, and thus have obviated the objection raised by Governor HUGHES.

AN effort will doubtless be made to push through the postal savings bank scheme during the present session of Congress. This is to be done on the plea that such an institution was favored in the Republican platform and that this pledge must therefore be carried out.

If all the declarations embodied in the party platforms are hereafter to be enacted into laws, it will give those declarations a more binding force than they have heretofore enjoyed, and certainly greater care should be used by the party conventions in making professions of faith and in outlining a legislative programme. The national conventions of the ruling party are liable to be made up largely of office-holders and those who favor the ruling faction. Quite often things are put in the platform purely as a means of catching votes. No doubt such a practice is reprehensible, but, on the other hand, it can hardly be maintained that every declaration made during the heat and excitement of a po-

litical convention must be enacted into law.

The legislation of the country is really not confided to mass conventions, but has been placed by the Constitution in charge of a deliberative body composed of a Senate and House of Representatives and known as the Congress. We think it would be rather a serious proceeding to take from this body the powers conferred upon it, and pass them over to a mass convention, and that is just about what it would come to if we are to insist upon all the party pledges made in the platforms being carried out.

There are certain prominent principles adopted at nearly every great national convention which have come to be known as leading issues, and these the party making them should most sacredly respect. Such, for example, was the declaration in the Republican platform of 1896 favoring the gold standard. The campaign was made almost entirely upon this issue. When the Republican party was returned to power it was practically a mandate from the people to enact legislation that would as nearly as possible make the gold standard secure. No such mandate has been received in regard to postal savings banks. The propriety of establishing such institutions has hardly been popularly discussed at all, and we can see no reason why any obligation rests upon the Republican party to enact legislation of this character until the people are heard from further.

We are far from advising a course that would make of the platform declarations mere hollow professions, but, on the other hand, it seems to us most unwise to enact such a sweeping measure as this without giving the voters of the country an opportunity of more fully making their opinions heard.

President TAFT thinks the platform pledge for postal savings banks must be carried out; but the Republican platform also declared in favor of amending the Sherman anti-trust law, yet President TAFT in a recent message has said he does not think amendment necessary. So platform pledges are only solemn and binding when they coincide with the personal opinions of WILLIAM H. TAFT.

MAKING CURRENCY REFORM PRACTICABLE.

AS is well known to the readers of THE BANKERS MAGAZINE, we have not advocated any specific plan for bringing about certain banking and currency reforms generally thought to be desirable.

The time is approaching, however, when consideration must be given to the means necessary to make effective the growing sentiment in favor of these reforms.

The central bank advocates are not only flying in the face of history and experience, but are proposing a form of machinery practically unknown to the present generation of bankers. Neither this innovation nor anything like it will ever secure the approval of the American electorate.

The objection which the bankers of the country feel toward any new form of financial machinery received practical demonstration directly after the passage of the Aldrich-Vreeland Law, which provided for the formation of national currency associations.

The banks declined to enter into these organizations.

It must have become apparent to those who are conversant with American financial history and who know the sentiments of the bankers and the peo-

ple generally upon banking and currency questions, that if any reform at all is brought about it must follow very closely the lines already existing.

No doubt the banking reserves of the country could be quite adequately cared for by the present reserve banks if they were required to have a capital sufficiently large and to keep a much greater gold reserve than the law now requires them to hold.

If in addition they were given power to issue a credit currency, leaving the present bond-secured currency alone and allowing it gradually to lapse, the banking situation would be greatly improved.

Perhaps it would be found desirable to bring about closer coöperation among the reserve city banks under some form of organization, but this could be done through the clearing-houses without creating any new or untried machinery.

Very simple measures could be enacted to bring about these desired changes. In addition the deposits and notes will have to be brought gradually to a gold basis.

We know these suggestions are quite elementary. They imply no revolutionary changes in our banking system, but we think they are such as must commend themselves to all those who have an earnest desire to see something practical accomplished in the near future. The central bank talk is purely academic. It is a case of firing in the air, and the sooner the folly of it is realized the better for all concerned.

Aside from the necessity of placing the bank credits securely upon the gold basis, the chief elements in the banking and currency reform problem undoubtedly center around the management of bank reserves. Under existing laws the function of caring for the reserves has devolved upon the national banks in the leading commercial centers of the country. In ordinary times they perform these functions fairly well, but experience has shown that when the credit resources of the country are unduly strained the reserve banks are not able to bear the burden. It would seem reasonable to conclude that this must be due either to some weakness in their organization or equipment. We hardly think it could be maintained that the banks performing reserve functions have, as a whole, the capital needed to discharge their duties satisfactorily. It will be found that the reserve banks in other countries are much better equipped in this respect.

If our reserve banks were compelled to have a much larger capital equipment than they now carry, it would enable them to maintain stronger reserves and also to conduct their ordinary operations and to respond to exceptional calls made upon them without disturbing local conditions. It is, of course, this disturbance of local conditions at the chief centers which gradually spreads to all parts of the country and helps to bring about the panic.

Improvement in the organization of the reserve banks could doubtless be brought about through the clearing-houses of which all of them are members. Excellent beginnings have been made in several of the cities in providing for clearing-house examinations, and the clearing of country checks. If these two improvements of banking machinery were generally extended and the capital of the reserve banks sufficiently increased, we believe that the country would get along very well for a number of years without the introduction of a central bank or any new form of banking machinery.

If the bankers and business interests of the country really desire banking reform, it is time they should demand that theories must give way to something practical, which shall have regard to sound principles but will not seek to revamp any discarded expedients nor attempt the impossible.

THE UNITED STATES TREASURY.*

By William Henry Smith.

II.

IT may be said that in the history of the Treasury Department there have been four great epochs, the intervening periods being mainly interludes of routine, not departing from the precedents established. The first epoch was when the Department was organized and Alexander Hamilton was placed at its head. This epoch lasted through the administration of Hamilton, Wolcott and Gallatin, the Department during all those years being in a formative period. The second was when Secretary Taney, at the order of President Jackson, arbitrarily reversed the entire policy that had governed up to that time, breaking down the United States Bank, introducing the "wild-cat" system of banking, bringing on a panic that compelled nearly all the banks in the country to suspend specie payment, and hundreds of them to go into hopeless bankruptcy, and spreading ruin and desolation from the Atlantic coast to the Mississippi River. It divorced the Treasury Department from all connection with the currency of the country except the coinage of gold and silver. The third was when the Department, under the administration of Secretary Chase, departed more radically than ever before from the traditions and went actively into the banking business, and the fourth was when, under Secretary Sherman, the Department got back to the first idea of Mr. Hamilton, paying the debt dollar for dollar in the currency of the world; in other words, resuming specie payment.

When Mr. Hamilton was made Secretary of the Treasury, he had to organize the Department de novo. He found nothing to build upon. He had to devise a plan for sustaining the credit of the country; make an impoverished people pay a heavy debt without oppressing them; discover ways and means for raising a revenue sufficient for the needs of the nation, and to establish a mint. A task great enough to demand the active energies of a long life, yet Mr. Hamilton accomplished all this within the space of less than six years. When he left the Department, the debt was in the process of gradual extinction; the credit of the young nation was fuly restored and stood high in the money centers of the world; a wise scheme of revenue was formulated and put into action; a mint was established, and the country was given a currency that was uniform, stable and readily received, and the whole country started on an era of prosperity.

Hamilton and the First Bank of the United States.

It must be remembered that when Hamilton became Secretary of the Treasury the country had but little moneyed wealth; its industries were confined almost exclusively to agriculture and commerce on the high seas; of manufacturing or mining there was practically nothing. Great Britain's policy had always been to discourage manufacturing in any of her colonies, in order that those at home might flourish. The only money of the country was the discredited currency of the Continental Congress and the heavily-depreciated paper of the various colonies. No country can flourish and be prosperous without a stable and uniform currency, and to secure that currency was the task set Mr. Hamilton, or, rather, one of the many tasks, and for this purpose he devised the United States Bank. The United States Bank was so closely connected with the Treasury Department as to be almost a part of it. It loaned

*The first installment of this interesting article appeared in the January Bankers Magazine.

the Government money, and was, in fact, the fiscal agent of the Government, holding the money of the Treasury on deposit. Giving the people a stable and uniform currency, it enabled them to start on the road to prosperity.

Few men ever in public life were assailed more bitterly than Alexander Hamilton, and his most violent and unrelenting enemy was a fellow-member of Washington's cabinet. Mr. Jefferson was strong in his likes and dislikes. There was no middle ground with him. The man who differed from him was sure to incur his hatred. In the cabinet he did his utmost to thwart all the schemes of Hamilton in connection with the Treasury and prevailed upon those in Congress he could influence to attack him there. Among the strongest and ablest of the antagonists of Hamilton's policies in Congress was Albert Gallatin, who later was to succeed him as head of the Treasury Department. A few years later, after Gallatin had been at the head of the Treasury Department, he was forced to admit that Hamilton was not only a master of national finance, but that his administration of the department had been without a flaw, and he came ardently to support some of the very measures he had opposed in Congress.

It is not necessary here to follow the whole career of Mr. Hamilton, or to detail the causes which finally led him to resign from the cabinet. Before he resigned he had accomplished the work he set out to do. He had placed the finances of the nation on a sound basis, and under the stimulating effects of the tariff and navigation laws he had secured, he saw the country rapidly becoming prosperous. Oliver Wolcott, his immediate successor, was a man of detail, versed in all the theories of Hamilton and an adherent of the same, and under his management the Department became more efficient than ever. When Hamilton and Adams disagreed, Wolcott was loyal to his former chief, and to save the President any embarrassment from having him in the cabinet, resigned. This was only a month or two before a new Administration was to come into power, an Administration intensely hostile to every measure of Hamilton and his successor, an Administration that believed, or pretended to do so, that the Treasury Department was honeycombed with fraud and corruption.

Gallatin Becomes Secretary.

Mr. Jefferson had early picked on Albert Gallatin for his Secretary of the Treasury, but fearing his nomination would be rejected, he waited until the special session of the Senate had adjourned, then commissioned him with instructions to "hunt out all the frauds of that scoundrel Hamilton." Gallatin was a most intense partisan, and it was partly on account of his extreme partisanship that Jefferson selected him for this position. He was an honest man, even with his partisanship, and after he had made a thorough search for evidence of rascality or shortcoming, he reported to his chief that there was not only no evidence of fraud, but no mistake even had been made; that the system of keeping accounts was complete and that the Department had been most admirably managed in every respect.

The administration of Jefferson was that of a triumvirate, composed of Jefferson, Madison and Gallatin. The other members of the cabinet were rarely consulted, being regarded more as messengers to convey to the President reports of the workings of their Departments than actual counsellors. Gallatin had two important objects in view as Secretary of the Treasury, and to these he bent all his energies, and on them he constantly insisted. The first was to discharge the public debt as rapidly as possible, and the other to reduce taxation. In these two objects Jefferson concurred, but to reduce taxation Gallatin insisted that the expenditures of the Government must be pared down to the very lowest limit, and in that he never could get the President to wholly agree. Gallatin was a lover of peace; he believed that the safety and well-being of this country depended on maintaining peace; that preparations

for war were all wrong, as they naturally tended to bring on war, hence he wanted the navy kept down to as small a number of ships as possible. On this point there was continual wrangling between him and the Secretary of the Navy.

having been written in 1801. It contains a list of clerks in the employ of the Adams Administration, with their salaries, and the remarks of Duane. The following is a specimen of this document, and it gives a clear idea of his peculiar talents:

Offices.	Names.	Remarks.
1,400	Jacob Wagner	Complete picaroon.
600	Steph Pleasanton	Nothingarian.
800	——— Brent	Nincumpoop.
1,500	John Newman	Democratic executioner.
800	——— Golding	Adamite.
1,000	Israel Loring	Assistant throat-cutter.
1,000	Charles W. Goldsborough	Damned Reps.
1,000	Jeremiah Nicolls	
1,700	A. Bradley, Jr., A. P. M.	Three execrable aristocrats.
1,200	Robt. T. Howe	
800	Tunis Craven	
1,200	E. Jones	A notorious villain.
1,200	David Sheldon	Wolcott's *dear nephew.*
1,200	Jos. Dawson	Hell-hot.

He wanted to at once abolish all internal taxes. He held all such taxes to be wrong in principle and to be reverted to only in case of war, when the needs of the Government would be extreme. It was with these ideas he entered upon the discharge of his duties. Jefferson had issued his famous New Haven letter regarding removals from office. In the spirit of this letter Gallatin did not agree altogether, and strongly insisted on retaining in office a number who had proved especially efficient. This aroused the anger of Duane, the editor of the "Aurora," and from that time to the end of Gallatin's service that paper was his constant assailant. In this is an evidence of Jefferson's peculiar method of politics. He kept up a close intimacy all the time with Duane, although that vitriolic writer used the columns of his paper to break down two of the leading members of his cabinet, and printed one slander after another. This Duane had been one of the most bitter antagonists of Hamilton and Washington. By some means, a short time before the retirement of Wolcott, Duane managed to get possession of some of the most important confidential papers of the Department. He returned them later, and among the curiosities found with Mr. Gallatin's papers is a manuscript, on which is endorsed by Mr. Gallatin as

The above is reproduced as a matter of curiosity and as a sample of the bitterness then prevailing in political circles. Later on Duane used much more forcible expressions in denunciation of Gallatin, and at the same time was financially and socially helped by Jefferson.

Gallatin favored the Bank of the United States, but Jefferson was suspicious of it, more because it had been the suggestion of Hamilton than from any other cause. He pretended to fear that in case the country became involved in war with Great Britain the bank would favor the latter country; but Jefferson never had any fears of anything that was Republican, and in 1803 wanted Gallatin to use the deposits in such a way as to make the bank Republican, and suggested that if the law stood in the way of this much-desired end it should be amended at the next session of Congress. Mr. Gallatin did not heed these suggestions of his chief, but continued to administer his Department on business principles, caring little or nothing for any political influence it might be made to exert. He regarded the bank as absolutely necessary for the financial operations of the Government, hence he protected it from any proposed assaults by the Administration.

By the close of 1803 Mr. Gallatin

had firmly established his hold on Congress and secured its coöperation in all his financial policies. This year brought another heavy task to Mr. Gallatin. The Louisiana purchase was made, and it devolved upon him to find the money. It is worthy of note that by this time Mr. Gallatin had very materially modified his views regarding the powers of the Federal Government. Jefferson wanted to make the Louisiana purchase, but thought it would require an amendment to the Constitution, while Gallatin held no amendment was necessary, thus adopting the doctrine of implied powers as maintained by Hamilton. One of Mr. Jefferson's peculiarities was never to do anything openly, if it was possible to do it secretly. Thus he was given to sending open messages to Congress, for the people to read, and secret ones for the action of Congress, and the secret ones generally were in exact contradiction to the open. This practice did not meet the views of Mr. Gallatin, and caused for a time a partial cessation of the warm relationship between the two.

Nor was Mr. Gallatin always in perfect accord with Jefferson's foreign policy, which was one of tergiversation, timidity and evasions. Both Great Britain and France treated his foreign policy with the utmost contempt, and England was really brutal in its actions in this respect. The foreign policy frequently complicated the financial affairs very greatly, but Mr. Gallatin was able to keep on discharging the public debt, although his success in reducing taxation was not pronounced.

By 1807 the Treasury began to show a surplus, and then Mr. Gallatin brought forward his scheme for an extensive system of internal improvements. In this, as in the matter of the Louisiana purchase, Mr. Jefferson thought an amendment to the Constitution necessary, while Gallatin held that Congress already had all the needed powers. His report of 1808 on the internal improvement questions was one of the ablest financial documents ever submitted to Congress by a Secretary of the Treasury. It is not intended here to give a history of Mr. Gallatin's connection with the cabinet only so far as to make his financial management intelligible. While he was advocating internal improvements, affairs became more complicated with both France and Great Britain and Mr. Gallatin was forced to at last recognize the necessity of providing for the national defence, and with his usual foresight suggested an elaborate scheme of arsenals, magazines, fortifications and strengthening of the navy. In this, however, he was a steady opponent of Jefferson's gunboat policy, a policy which practically bankrupted the Treasury, a condition from which it had not fully recovered when war finally came.

In 1811, as a member of Madison's cabinet, Mr. Gallatin opposed the impetuosity of Congress in rushing into war, and recommended immediate and energetic preparations. Mr. Gallatin suggested an increase of taxation, and the making of a loan to provide ready money. Congress paid no heed to the remonstrances of Mr. Gallatin that the Treasury was empty, that the revenues would not be sufficient to meet the exigencies of war, or to those of Mr. Madison that we had neither an army nor a navy, nor munitions to supply the one or the other, but declared war. Mr. Gallatin had lost his influence with Congress and never regained it. The first epoch of able management of the Treasury Department ended with the retirement of Mr. Gallatin when his office was declared vacant by act of Congress in February, 1814.

(To be continued.)

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BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
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DEPOSIT UNDER SPECIAL AGREEMENT—DUTY OF BANK TO HOLD DEPOSIT FOR SUCH PURPOSE.

FORT vs. FIRST NATIONAL BANK OF BATESBURG.

SUPREME COURT OF SOUTH CAROLINA, APRIL 13, 1909.

A bought from B a piece of property upon which C claimed a mechanic's lien and gave his check therefor, which B deposited with a bank under an arrangement made by A and B with the cashier that a portion of the money should be left in the bank pending the settlement of the alleged lien. C afterwards established a lien, but all of the money had been paid out on the checks of B. *Held,* that the bank was liable for the amount of the lien.

A deposit slip is a mere acknowledgement that the amount named has been received, and it cannot affect the rights of the parties under a special agreement with the officers of the bank as to the use of the deposit.

JONES, *J.:* The testimony tends to show these facts: In December, 1903, S. B. Coats offered to sell James C. Fort a house and lot in Batesburg, S. C., for $850, and Fort was informed that the First National Bank of Batesburg had a mortgage on the premises, and that Rogers Bayly was claiming a mechanic's lien thereon for fifty-eight dollars. A suit was then pending in the common pleas court for Lexington County by Bayly as plaintiff against Coats and the First National Bank as defendants for the enforcement of the alleged mechanic's lien. Not desiring to assume the risk of this controversy, on December 8, 1903, plaintiff with Coats went to the defendant bank, and the parties, at the suggestion and approval of the president of the bank, Dr. W. H. Timmerman, agreed that the purchase money should be paid into the bank, and that the bank should retain a sufficient amount of the funds to pay the Bayly claim after the settlement of the controversy. At this meeting Bayly notified plaintiff of his claim. The cashier at that time, Mr. W. W. Watson, was informed of the situation, and was asked by the president whether a portion of the purchase money could be left in the bank pending the settlement of the alleged mechanic's lien, to which the cashier replied that it could be done, provided the parties agreed, and he was instructed to that effect.

The cashier then knew that Coats was willing to make such agreement, but he testified that Fort said he did not attach any importance to the Bayly claim. After the agreement mentioned, the plaintiff accepted the deed of the premises, and in the presence of the cashier delivered to Coats a check drawn by himself on the National Loan & Exchange Bank of Columbia for $850, payable to the order of Coats. Coats

immediately indorsed this check, and deposited it with the bank, after signing his name to the usual deposit slip, which recited the deposit of the check and its amount, and contained at the foot these words: "Paid Dec. 8, 1903,—First National Bank of Batesburg, S. C." There was other testimony showing that the check was promptly paid. Coats thereupon gave his check on the fund to the cashier for $76.55 in settlement of the mortgage on the premises held by the bank.

On December 16, 1903, the bank cashed his check on the fund for fifty dollars, and on December 23, 1903, cashed his check for the remainder of the fund, $723.45. Afterwards judgment was recovered in favor of Bayly establishing a mechanic's lien upon the premises to the amount of $122.42, which plaintiff was compelled to pay to prevent sale of the premises. This action was brought to recover that sum from the defendant bank upon its agreement above mentioned, and resulted in a judgment for plaintiff for $100.

From the foregoing statement it is manifest that there was no error, as alleged in the second exception, in refusing to direct a verdict in favor of the defendant. There can be no doubt of the bank's liability if it accepted the deposit with knowledge of and assent to the alleged agreement subjecting it to the claim of Bayly. The agreement made the deposit special to the extent of the Bayly claim, and it was the duty of the bank to retain of the deposit a sum sufficient to pay the Bayly claim.

Nor was there errer, as alleged in the first exception, in admitting parol evidence tending to show that money was paid defendant bank by a check. The objection that the check is a written instrument, and evidence of its contents cannot be given without proof of loss, is not tenable as applied to this case. The check is a collateral matter, and the question is not as to the contents or form of a check, but as to the making of a special or conditional deposit to protect plaintiff against the Bayly claim. It is not disputed that the deposit was made of a check for $850, which was in fact duly cashed.

The third exception alleges error in the court's instruction to the jury substantially that, if the bank officer knew of the alleged agreement to subject the deposit to the payment of a particular claim, the mere fact that the deposit slip may be in the name of the depositor would not compel the bank officer to honor the checks of the depositor to the extent of the whole fund without retention for such claim.

Appellant's contention is that the deposit slip is the contract between the bank and the depositor, and the bank is bound to honor the depositor's checks to the extent of the deposit. The deposit slip is a mere acknowledgment by the bank that the amount named has been received (3 Ency. Law, 830), and does not purport to embody the contract between the parties, and cannot affect the rights of plaintiff under his alleged agreement with the depositor and the bank officers.

The contemporaneous agreement among the plaintiff, the depositor, and the bank officers affected the deposit, with the trust assumed by the bank to hold sufficient of it to protect plaintiff against the Bayly claim. This case differs from Bank vs. Mahon, 78 S. C. 412, 59 S. E. 31, as in that case the bank had no control over the deposit. as it was in the name of parties not bound by any contract affecting the disposition of the deposit, whereas in this case the depositor and the bank agreed to protect the plaintiff, and thus induced the plaintiff to pay over the money deposited. The principle of Livingstain vs. Banking Co., 77 S. C. 309, 57 S. E. 182, 122 Am. St. Rep. 568, is more applicable, as it affirms the right of a depositor to make an express contract with the bank that his deposit account shall be applied to his debts to the bank and to any other legitimate purpose. Under the last exception, it is contended that the court erred in not charging the jury plaintiff's request: "That, if the jury come to the conclusion that the bank is liable at all, then it is liable only for the amount of which Fort had notice,

fifty-eight dollars, and not for the amount sued for, $122.42." The amount of the recovery on the Bayly claim included, not only the original claim of fifty-eight dollars, but the costs and fees of the suit. Dr. Timmerman, the president of the bank, testified that the money was left in the bank "subject to the adjudication of the Bayly claim." W. H. Sill testified that the parties agreed to leave "the amount in the bank, and let Mr. Bayly and Mr. Coats fight it out to get Mr. Fort a clear title to the place."

The plaintiff testified that Mr. Watson, the cashier, filled out the check given by him in payment of the premises; that he told the cashier to be sure to hold enough money to pay the Bayly claim; that "he put it (the check) in with the condiion that they would hold him clear and have no further trouble about the Bayly claim." It is true there was evidence that the Bayly claim was $58, but the suit thereon was pending and the bank was a party thereto, and all parties were bound to know that, if judgment was recovered, it would include the incidental costs and fees. In the situation of the testimony the court was correct in declining to limit the bank's liability to $58.

The judgment of the circuit court is affirmed.

LIABILITY OF STOCKHOLDERS —MASSACHUSETTS STATUTE —FORMALITIES OF PROCEDURE.

CHARLES J. NICHOLS ET AL VS. TAUNTON SAFE DEPOSIT & TRUST COMPANY.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Before a bill in equity can be filed to enforce the liability of the stockholders of a trust company under the Massachusetts statute, it must be shown that an execution has been returned unsatisfied after the neglect of the corporation for the period of thirty days.

An execution returned on the same day as the first demand on the corporation is insufficient.

The same rule applies whether the suit against the stockholders is brought by a creditor or by the receiver.

THIS was a bill in equity to enforce the individual liability of the stockholders of a failed trust company.

LORING, *J*.: 1. Unless the personal liability of stockholders in trust companies subject to R. L. c. 116, depends upon one set of facts when the personal liability is enforced by a creditor, and upon another set of facts when it is enforced by a receiver, the decision of this court in Priest vs. Essex Hat Manufacturing Co., 115 Mass. 380, is fatal to the maintenance of this suit.

In Priest vs. Essex Hat Manufacturing Co., as in the case at bar, the return on the execution was made on the day on which the demand under it was made upon the corporation. In deciding that case, Wells, J., speaking for this court, said: "Section 4 provides that 'after the execution shall be so returned, the judgment creditor, or any other creditor, may file a bill in equity, in behalf of himself and all other creditors.'

"This shows conclusively that the rereturn of the execution contemplated by the statute is its return unsatisfied after the neglect of the corporation for the period of thirty days; which alone warrants a return upon which the creditors can proceed against directors or stockholders. One alternative allowed to the corporation is, at any time within the thirty days, to exhibit to the officer property that he may take upon the execution. This implies that the execution is to remain in his hands for that purpose; and before the directors or stockholders can be proceeded against, his return must show default in this respect.

"In the present case, the return, having been made on the same day with the first demand, not only fails to show that the execution remained unsatisfactory at the end of the thirty days thereafter, but shows affirmatively that the opportunity was not kept open for thirty days for the corporation to exhibit property that might be taken upon it. We think this is a step in the process which must be taken by formal proceedings, and can-

not be supplied by proof that the corporation neglected to pay the debt, made no attempt to exhibit property, and had none to exhibit. The omission cannot be regarded as immaterial because it does not affect the equity of the case. The liability does not rest upon equity, but is of strict statute imposition."

The statute under consideration in Priest vs. Essex Hat Manufacturing Co. was St. 1862, c. 218, s. 3, and is the very act which is embodied to-day in R. L. c. 110, s. 60.

The return in the case at bar, made on the day of the demand, although in fact filed in court more than thirty days later, does not satisfy the statute in requiring a "return unsatisfied after the neglect of the corporation for the period of thirty days."

2. In our opinion the amendment of R. L. c. 116, s. 30, made by St. 1905, c. 228, did not create a new liability on the part of stockholders of trust companies subject to that act, but its scope was to enable a receiver to do what both before and after St. 1905, c. 228, could be done by any creditor. R. L. c. 116, s. 30, provides that R. L. c. 110, s. s. 60-68, should apply to regulate the enforcement of the liability of stockholders in trust companies described in R. L. c. 116, s. 30. By the express provisions of R. L. c. 110, s. 62, any creditor can bring a bill in equity in behalf of himself and all other creditors to enforce the liability of stockholders after that liability has been brought into being by the recovery of a judgment followed by the neglect of the corporation, for thirty days after demand made on execution, to pay the amount due with the officers' fees, or to exhibit to him real or personal property of the corporation subject to be taken on execution sufficient to satisfy the same, and the return of the execution unsatisfied. The only change made by St. 1905, c. 228, was to enable a receiver, if there was one, as well as any creditor, to bring the bill, which no matter by whom brought, was a bill in behalf of all creditors to enforce a liability which had theretofore been brought into being by complying with the statutory requirements.

No other construction can be given to R. L. c. 116, s. 30, as amended by St. 1905, c. 228. So amended it provides: "The provisions of sections sixty to sixty-eight, inclusive, of chapter one hundred and ten, shall apply to and regulate the enforcement of such liability, and receivers of insolvent trust companies may, with the approval of the Supreme Judicial Court, enforce such liability." "Such liability" which the receiver can enforce cannot be construed to be other than "such liability" the enforcement of which is made dependent upon and regulated by R. L. c. 110, s. s. 60-68. Bill dismissed.

CERTIFICATE OF DEPOSIT—INDORSERS—TIME OF PRESENTMENT.

ANDERSON vs. FIRST NATIONAL BANK OF CHARITON.

SUPREME COURT OF IOWA, OCT. 25, 1909.

Where a certificate of deposit is payable upon demand presentment must be made within a reasonable time after its issue in order to charge an indorser thereon.

A delay to present such an instrument for payment within a reasonable time will discharge an indorser, though the statute of limitations does not begin to run until demand and refusal of payment.

WEAVER, *J.*: On July 24, 1907, the First National Bank of Chariton, was engaged in business under the national banking act at Chariton, Iowa. At the same time, and for some time thereafter, the Russell Bank was a partnership engaged in the conduct of a private banking business at Russell, Iowa. F. R. Crocker, the cashier and manager of said national bank, was also a partner with one Brandon in the ownership and control of the Russell Bank; Brandon with the assistance of employes having the immediate charge of the business.

On the date above named, as was subsequently revealed, the National Bank had been subjected to great loss and depletion of its assets by the defalca-

tion and fraud of Crocker, but this condition was concealed, and did not become public until about October 31, 1907, when Crocker committed suicide, and the bank's insolvency was made known.

On the date named, J. A. McKlveen, having no knowledge or notice of the true condition of said bank, and believing it to be sound and solvent, deposited therein the sum of $1,000, receiving therefor a certificate in the following form: "The First National Bank of Chariton. Not subject to check. Chariton, Ia., July 24, 1907. Certificate of deposit. Dr. J. A. McKlveen has deposited in this bank one thousand dollars payable to his order on demand, upon the return of this certificate properly indorsed. $1,000. No. 90483. W. B. Beem, Assistant Cashier." On the back of this instrument there appears a printed paragraph or statement in the following form: "Interest Agreement. This certificate will draw three per cent. interest per annum, if left six months; no interest if drawn before six months. No deviation in any case from the above will be made. Chariton National Bank. State Savings Bank. First National Bank."

On August 28, 1907, the payee indorsed and transferred said certificate to the firm of McKlveen & Eikenberry, by whom it was indorsed and transferred to the Russell Bank on August 29, 1907; said firm receiving credit therefor upon its account with said last-named bank.

As we have already noted, the insolvency and failure of the National Bank resulted in the closing of its doors on or about October 31, 1907, and the fortunes of the Russell Bank were so bound up with those of the first-named institution, or of its cashier, that its failure soon followed, and a receiver was appointed to wind up its affairs.

No presentation of the certificate of deposit for payment, or demand for the payment thereof, was made until November 25, 1907, when it was presented to, and demand made of, the receiver in charge of said National Bank, but no presentment was made to the bank itself until January 25, 1908, and payment was in each instance refused, notice of which was at once given to J. A. McKlveen & McKlveen & Eikenberry. Thereafter this action at law was instituted by the plaintiff as receiver of the Russell Bank, who seeks to charge the said McKlveen and McKlveen & Eikenberry as indorsers of the certificate of deposit.

The indorsers admit the facts as hereinbefore stated, but deny liability on two grounds: First, that said certificate is an instrument payable on demand, that to charge the indorsers thereof presentment and demand of payment and notice of non-payment were required to be made within a reasonable time after the date thereof, and that said Russell Bank and its receiver did not make such presentment and demand, or give the indorsers notice of the non-payment of the certificate within a reasonable time; and, second, that the Russell Bank and its receiver are estopped to assert any claim, because the partnership owning and controlling said Russell Bank was charged with notice of the failing condition of the National Bank and of the necessity of the prompt presentation of such certificate of deposit to avoid loss thereon, but, having such notice, failed to act, and withheld such paper, without demand of payment or attempt to collect until long after said National Bank had closed its doors in hopeless bankruptcy.

On the issues thus joined a jury was waived and the cause tried and submitted to the court, which found for the defendant on both propositions: First, that the certificate of deposit was not presented for payment within a reasonable time, thereby releasing the indorsers from liability; and, second, that the defendant's plea of estoppel is sustained by the record. The receiver appeals.

1. The appellant takes issue upon the proposition that the instrument in controversy was not presented within a reasonable time. It is not denied that the instrument is in fact payable on demand, but it is contended that by virtue of the printed matter on the back of the instrument, to which we have already

adverted, the holder of the certificate was entitled to refrain from demand for a period of six months, and thereby be entitled to receive interest, and that a delay of less than that period must be said, as a matter of law, to be not unreasonable.

There might be some force in this contention if we could say as a matter of law that the printed matter on the back of the paper is a part of the contract between the depositor and the bank. But this we are not prepared to do. In the case cited and relied upon by appellant (Kirkwood vs. Bank, 40 Neb. 484) the certificate contained an express stipulation that if the deposit was left in the bank six months interest would be paid thereon. Such is not the case here.

There is no agreement or suggestion as to the time of payment or interest expressed in the certificate in suit. Upon the back is a printed paragraph which purports to be an "interest agreement," signed by the printed signatures of three different banks, including the First National, to the effect that an allowance of three per cent. interest would be made on deposits left undrawn for six months. Its effect would seem to be that of a species of "gentlemen's agreement" for the repression of undue competition.

No reference is made to it in the body of the instrument, and so far as the evidence shows, it was not called to the attention of the depositor, nor any discussion had on the subject of interest. Indeed on the appellant's objection all evidence tending to develop the facts in this respect was excluded.

But even if we concede appellant's contention that this printed matter is a part of the contract between the depositor and the bank, we still think it was competent for the trial court to find, under the circumstances of this case, that the delay in making presentment for payment was unreasonable. That this is an instrument payable on demand see Code Supp. 1907, § 3060-a7. Under the same act the presentment of such an instrument, in order to charge indorsers, must be made within a reasonable time "after its issue." (Code Supp. 1907, § 3060-a71.) And in determining whether the time is reasonable regard must be had, not only to the nature of the instrument, but also "to the facts of the particular case." (Code Supp. 1907, § 3060-a193.)

Among the facts of this particular case are the close relations existing between the two banks, and the inference which may fairly be drawn of their more or less intimate knowledge of each other's affairs; the position with each occupied by Crocker; the fact that these months of 1907 marked the culmination of a widespread panic in financial affairs, prompting every holder of bank paper to increased vigilance to avoid loss thereon; and the delay of a month after the National Bank closed its doors before any demand was made on the receiver, and nearly three months before any presentment was made to the bank—and these, with all other circumstances developed in the record, make up such a case that we cannot say that the trial court erred in holding that the demand of payment and notice of nonpayment were not duly made, and that the indorsers were thereby discharged.

The primary question thus presented was one of fact, and not of law, and the finding of the trial court thereon has the force and effect of a jury verdict, with which we cannot properly interfere. It is due to counsel that we advert to his suggestion that, as we have held in Elliott vs. Bank, 128 Iowa, 275, 103 N. W. 777, 1 L. R. A. (N. S.) 1130, 111 Am. St. Rep. 198, that the statute of limitations does not begin to run upon an ordinary certificate of deposit until demand and refusal of payment, it follows of logical necessity that the liability of the indorser of such certificate continues in full force until the paper is matured by such demand.

But we cannot concede the correctness of the analogy or of the deduction sought to be made. The holder of such paper may delay the demand unreasonably as respects the rights of the indorser, whose liability is contingent only while the delay in no manner prejudices the maker, whose liability is original

and absolute. For the protection of the former the statute, as we have seen, provides that presentment and notice of non-payment of such paper in order to bind him must be made within a reasonable time after "its issue." The holder must act within that limit if he wishes to retain the benefit of the indorsement.

VOLUNTARY LIQUIDATION—EFFECT ON PENDING SUITS.

COMMERCIAL LOAN & TRUST COMPANY vs. MALLERS.

SUPREME COURT OF ILLINOIS, OCT. 26, 1909.

Under the statutes of Illinois a banking corporation may prosecute a suit to judgment though it goes into liquidation pending the litigation.

Such a corporation may for the purpose of closing its affairs sue out execution on its judgment though more than two years have intervened between its voluntary dissolution and the date of judgment.

HAND, *J.:* This is a writ of error sued out from this court to the Appellate Court for the First District to review the judgment of that court in refusing to quash an execution issued out of the office of the clerk of that court on January 6, 1909, in favor of the defendant in error and against the plaintiff in error.

It appears from the record that the defendant in error, the Commercial Loan & Trust Company, a banking corporation organized under the laws of this state, in 1895 brought suit in the Circuit Court of Cook county against John B. Mallers, the plaintiff in error, as guarantor upon a promissory note; that after numerous trials a judgment was rendered in that court in favor of the plaintiff in error, which judgment was reversed, without remanding, by the Appellate Court for the First District, and a judgment for $4,755.55 and costs was rendered by that court in favor of the defendant in error against the plaintiff in error, which judgment was affirmed by this court; that on the case being remanded to the Appellate Court the execution sought to be quashed was issued by the clerk of said Appellate Court to enforce the collection of said judgment, and levied upon the real estate of the plaintiff in error.

The ground of the motion to quash is that the defendant in error went into voluntary liquidation on December 2, 1898, and that by reason of that fact, it is said, it is without legal capacity to sue out an execution on the judgment rendered in its favor in the Appellate Court, and that said execution for that reason is void, and should be quashed. We do not agree with the contention that said execution was wrongfully sued out for want of capacity in the defendant in error to take out execution upon said judgment, for the following reasons:

First. If the plaintiff in error desired to raise the question of the capacity of the defendant in error to sue, he should have done so in the trial court, by a plea in abatement or otherwise (Stoetzell vs. Fullerton, 44 Ill. 108; Life Association of America vs. Fassett, 102 Ill. 315), and having failed so to do, the judgment rendered against him in the name of the defendant in error was a valid and binding judgment, and if the judgment was a binding and valid judgment, the defendant in error, under the statute, had the right to enforce its collection by execution.

The suit was commenced in 1895, and defendant in error went into voluntary liquidation in 1898, and the judgment was rendered in 1908. About ten years intervened between the voluntary dissolution of the defendant in error and the date of the judgment, during which time the plaintiff in error failed to raise the question of the capacity of the defendant in error to sue, and we think it too late for him to raise that question after the case has passed through the circuit, Appellate and Supreme Courts, and final judgment has been rendered against him in the Appellate Court.

The judgment in favor of the defendant in error was *res judicata* of all the defenses which were, or could have been, interposed by the plaintiff in error, including the capacity of the defendant in error to maintain its suit.

(Rogers vs. Higgins, 57 Ill. 244; Kelly vs. Donlin, 70 Ill. 378. Second.) It was held in Life Association of America vs. Fassett, supra, that it is a part of the settled public policy of this state that upon the dissolution of a corporation, no matter how the dissolution may be effected, the corporation shall nevertheless be regarded as still existing for the purpose of settling up its affairs. In this case the suit was commenced while the defendant in error was a going corporation, and we see no reason why it should not be permitted to prosecute its suit to final judgment for the purpose of collecting its assets and settling up its affairs, even though it went into voluntary liquidation pending the litigation. In Singer & Talcott Stone Co. vs. Hutchinson, 176 Ill. 48, 51 N. E. 622, it was held that a writ of error—a new suit—might be sued out by a corporation to review a judgment rendered against it, notwithstanding two years had elapsed after its dissolution.

It seems to be conceded by the plaintiff in error that the defendant in error would have had power to take out execution on its judgment against the plaintiff in error but for the two years' limitation found in section 10, c. 32, Hurd's Rev. St. 1908, which section reads as follows: "All corporations organized under this law whose powers may have expired by limitation or otherwise, shall continue their corporate capacity during the term of two years, for the purpose only of collecting the debts due said corporation, and selling and conveying the property and effects thereof." It will be observed that said section applies only to "corporations organized under" the act of which said section forms a part, and from an examination of section 1 of said act it will appear that the act does not apply to corporations organized for "banking" purposes.

We can see no reason why a banking corporation should not be held to fall within the general public policy of the State which permits a corporation to do such acts as may be necessary to collect its debts and settle up its affairs after dissolution. If such public policy does apply to a banking corporation, as we hold it does, and the two-year limitation does not apply to such corporation, then the defendant in error might rightfully enforce collection of its claims against its debtors in the courts of this State, for the purpose of closing up its affairs, until such indebtedness had become barred by the general statute of limitations.

We are of the opinion that the Appellate Court did not err in declining to quash the execution sued out by the defendant in error upon its judgment against the plaintiff in error rendered in that court, and that the judgment of that court should be affirmed.

CHECKS DRAWN BY OFFICER OF CORPORATION TO HIS OWN ORDER—LIABILITY OF BANK IN WHICH CHECKS DEPOSITED.

HAVANA CENTRAL RAILROAD COMPANY vs. KNICKERBOCKER TRUST COMPANY.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT, DECEMBER, 1909.

Where a treasurer of a corporation, having authority to sign and draw checks upon the corporation's bank account for corporate purposes, offers for deposit in his individual bank account a check drawn upon the corporation's funds in another bank, payable to himself and signed by himself as such treasurer, the form and contents of the check may constitute such notice as to put the bank to which the check is presented upon inquiry as to the authority of the officer to make the deposit.

If reasonable inquiry would have revealed the fact that the proposed transaction was an attempt to misappropriate the check and its proceeds to the treasurer's use, or was otherwise without authority, then the bank so receiving and without inquiry depositing said check to the treasurer's credit in his individual account with it and thereafter collecting the same, and paying out the proceeds thereof upon the treasurer's individual drafts or checks, is liable to the corporation for the loss incurred by it through the transaction.

INGRAHAM, *J.:* The complaint alleges that the plaintiff is a foreign corporation and the defendant a trust company organized under the laws of

the State of New York and doing business in the City of New York; that prior to February, 1906, one Van Voorhis was the treasurer of the plaintiff corporation; that prior to February 23, 1906, an account was opened by the plaintiff corporation with the Central Trust Company of New York under an arrangement by which the checks drawn upon such account were to be signed by Van Voorhis as treasurer of the plaintiff corporation; that between April 21, 1906, and June 15, 1906, Van Voorhis drew three checks upon the deposit account of the plaintiff corporation with the Central Trust Company payable to the order of "W. M. Greenwood or C. W. Van Voorhis," signed "Havana Central Railroad Company, C. W. Van Voorhis, treasurer," aggregating over $59,000; that at the same time Van Voorhis, the treasurer of the plaintiff corporation, had an individual deposit account with the defendant upon which he drew checks signed by himself individually; that Van Voorhis indorsed these three checks in blank and deposited them with the defendant Trust Company to the credit of his individual account, and the checks were presented to the Central Trust Company by the defendant and duly paid, and the proceeds thereof received by the defendant; that the Central Trust Company charged these checks against the plaintiff's deposit account; that subsequently the defendant permitted the said Van Voorhis to draw upon his said account to which these checks were credited until July 17, 1906, when the account was closed by the presentation to and payment by the defendant to the said Van Voorhis of checks to the full amount appearing to his credit, which included the amount that the defendant had received from the Central Trust Company on account of these checks.

The complaint then alleges that the said Van Voorhis deposited the said checks and each of them in his bank account with the defendant and used the said checks and the proceeds thereof for his own uses and purposes without any right or authority so to do, and that the said checks and each of them were without any consideration whatever moving from said Van Voorhis to the plaintiff herein; that said Van Voorhis had no right or authority to draw upon the said account of the plaintiff or to use its funds, except for the purposes of plaintiff's business, and that plaintiff was not at any of the times mentioned indebted to Van Voorhis in any sum whatever; that notice or inquiry by the defendant to and of the plaintiff would have revealed and disclosed these facts, and further revealed that said Van Voorhis by drawing the said checks and each of them and depositing them in his individual account with the defendant was wrongfully misappropriating and converting the money of the plaintiff to his own use; that he was guilty of such misappropriation and conversion both in offering said checks for deposit with the defendant and in thereafter drawing from his aforesaid account the proceeds of the said checks and appropriating the proceeds to his own use; that the defendant did not at any time make any inquiry of the plaintiff or any one else concerning the said checks or the transactions had therewith, and did not at any time give notice to the plaintiff concerning the said checks or their offer for deposit with the defendant by Van Voorhis or any of the transactions relating in anywise thereto or had therewith.

Defendants by the demurrer concede that Van Voorhis, the plaintiff's treasurer, having power to sign checks upon plaintiff's deposit account with its bank, signed checks in the name of the plaintiff to his own order without authority, deposited these checks with the defendant to his own individual account; that the defendant received these checks for the defaulting treasurer's individual account, collected the proceeds thereof and placed the same to the defaulting treasurer's individual credit, and subsequently paid out on Van Voorhis' check the amount of such deposits.

It has been for many years established in this State that if a person holding money or property in a fiduciary capacity pays or transfers such money or property to a third party with notice

of his relation to it for a purpose foreign to the trust, such third party cannot hold such money or property as against the true owner, and that in the case of money an action for money had and received will lie in favor of the true owner against the person who has received it with notice of its real ownership. If the defendant had knowledge that by drawing these checks Van Voorhis was misappropriating the corporation's money without its consent, and that the use to which Van Voorhis was putting the money was not the corporate uses, an action would lie. We therefore come down to the question as to whether this defendant received this money with notice of the fact that it was being misapplied or misappropriated by Van Voorhis to his own use.

Van Voorhis took to the defendant for deposit to his individual credit checks drawn in the name of the plaintiff by Van Voorhis as its treasurer to Van Voorhis' own order and offered those checks to the defendant for deposit to his, Van Voorhis', individual account. On its face this is clearly a transaction by which Van Voorhis was abstracting money from the treasury of the company to be credited to his individual account with the defendant. Certainly any bank officer looking at this check would see that Van Voorhis had drawn or was attempting to draw from the plaintiff's deposit account the sum of money there named to be paid to his own order. A person with a claim against the plaintiff corporation receiving such a check would necessarily have notice that the corporation was paying its debt with its own check. A person having an individual claim against Van Voorhis and receiving in payment such a check to pay Van Voorhis' individual debt would clearly have notice that Van Voorhis was using the funds of the plaintiff to pay an individual debt, for which the plaintiff was not responsible.

In this case Van Voorhis went to the bank, presented to it checks drawn by the plaintiff, acting through himself as treasurer, payable to his own order and indorsing it, deposited it with the defendant, which defendant accepted and received the proceeds. By that transaction the defendant became the owner of the check and its proceeds and became personally indebted to Van Voorhis individually for the amount of the check.

The effect of this transaction, of which the defendant must be chargeable with notice, was that the plaintiff's money had been taken from its possession and control and transferred to the defendant corporation, who in return for the payment of that money to it had become indebted to Van Voorhis individually for the amount that it received. This, it seems to me, placed the defendant in same condition as if Van Voorhis had actually used the check or its proceeds to pay all individual indebtedness to the defendant with notice to the defendant of the actual ownership of the money or check used for that purpose. When this defendant received from Van Voorhis these checks and gave Van Voorhis credit for them it became the owner of the checks or their proceeds. When or under what circumstances it discharged its indebtedness to Van Voorhis, which arose upon the receipt of these checks on deposit to Van Voorhis' personal account, would seem to be immaterial.

What the defendant did was to accept the checks on deposit and thereby became indebted to Van Voorhis in their account. Clearly if the bank had actual notice of the fact that Van Voorhis was misappropriating the plaintiff's money and that the transaction was thus fraudulent and unauthorized as to plaintiff, the defendant would have been liable to the plaintiff for the amount of money that it had received. And we get back, therefore, to the question as to whether the transaction, as it stood, was notice to the defendant that Van Voorhis was misappropriating the plaintiff's money when he drew in the name of the plaintiff the checks upon the plaintiff's deposit account payable to his own order. The delivery of these checks to the defendant gave them notice of the fact that the check was the check of the plaintiff corporation; that it was drawn by Van Voorhis as its treasurer; that it was drawn to the order of Van Voorhis

individually, and that Van Voorhis requested the bank to collect those checks and to become indebted to him individually for their amount. It is quite clear that the defendant could not shut its eyes to the transaction and because of the great number of checks presented or the great mass of its business or the number of its depositors refuse to see what any one receiving a check and noticing its form must see.

A bank or an individual is charged with notice of any fact which appears upon the face of a transaction and which a person exercising ordinary intelligence and having ordinary knowledge of financial affairs would appreciate and understand. It is the conceded law of this State that a check drawn upon a trust fund by a trustee or a check drawn to the order of a trustee is notice to a person taking it of the fact that the fund upon which the check is drawn or the check itself is the property of the trust and not the personal property of the individual trustee. (Robinson vs. Chemical Nat. Bank, 86 N. Y., 404; Gerard vs. McCormick, 130 N. Y., 261; Ward vs. City Trust Co., 192 N. Y., 61.)

In Gerard vs. McCormick (supra) the plaintiff owned buildings in Wall street known as the "Glass Buildings." One Boswell was the agent, having authority to receive and deposit the rent for the buildings and to draw on that account sums due for repairs, insurance, taxes, interest on incumbrances, his own commissions, and for the usual expenses of such buildings, and then to divide by checks on the account the remainder among the plaintiffs according to their respective interests. The checks were signed by "William Boswell, Agt. Glass Buildings." Boswell used a check thus drawn to pay an individual indebtedness due to the defendant. Upon plaintiff's discovering this misappropriation an action was commenced to recover the amount of the check from the defendant, and a judgment in plaintiff's favor was sustained by the Court of Appeals. In deciding that case the court said: "The evidence was abundant to authorize the jury to find that the amount standing to the credit of 'William Boswell, Agt. Glass Buildings,' in the Corn Exchange Bank belonged to the plaintiffs, and that by means of the check the sum represented by it was, by the fraud of Boswell, withdrawn from the account and paid to and received by the defendant." The fact that the account upon which these checks in this action were drawn belonged to the plaintiff, that Van Voorhis by drawing the checks and depositing them to his own credit misappropriated the plaintiff's money, and that the checks were drawn without authority are alleged in the complaint and admitted by the answer, so that we have the same facts presented in both cases.

And the court then in the Gerard case (supra) continued: "The remaining question is whether the evidence authorized the court to submit to the jury the question of good faith or was sufficient to authorize the jury to find that the defendant had notice that the check was drawn against an account not owned by Boswell." And after calling attention to the fact that there was nothing in the case which tends to raise any question about defendant's personal good faith except that he received a check from Boswell in payment of his individual debt, signed "William Boswell, Agt. Glass Buildings," without inquiry as to the right of Boswell to so use the fund, the court said that the question presented was "whether the form of the check was sufficient to put the defendant upon inquiry as to the authority of Boswell to use the money in payment of his debt." And after a review of the authorities it was held that the form of the signature to the check was sufficient to put the payee on inquiry as to the right of the agent to pay his personal debt out of the fund, and that a person having notice that money or property is held by another in a fiduciary capacity receives it without inquiry from the agent in satisfaction of his personal debt, the sum or property so received may be recovered by the true owner unless the agent was authorized to so dispose of it.

We have in the case at bar all the facts presented in the Gerard case, upon which a recovery was sustained, the only

difference being that in one case the check was received in payment of an individual debt, and in the other case was received as the consideration for the defendant assuming a personal obligation to the agent individually. It is upon this latter distinction that the defendant claims that it is relieved from liability. But it seems to me that this distinction has no real bearing upon the question as to the liability of the defendant. The defendant received the check drawn by plaintiff's treasurer on plaintiff's bank account, payable to the plaintiff's treasurer individually, and received the money. The receipt of this check was notice to the defendant of those facts. And thus, when this defendant received the money, chargeable with notice of the fact that this money was the plaintiff's money, concededly this defendant could not apply that money so received to the payment of a debt which Van Voorhis individually owed to the defendant, so as to relieve the defendant from liability to the plaintiff for its money that defendant had received.

It must be conceded that while that money remained on deposit to the account of the treasurer individually with the defendant that the plaintiff could have maintained this action to recover the amount. It was money held by the defendant which belonged to the plaintiff, and of which fact the defendant had knowledge. Was the defendant discharged from this liability because it had paid Van Voorhis' individual checks upon it with plaintiff's money? It would not have been justified in paying the money out to discharge the individual debts of plaintiff's treasurer, although the plaintiff's treasurer had so ordered. It is not alleged or claimed that the money was paid for the benefit of or for the account of plaintiff. The allegation, which is admitted, is that this treasurer, having thus placed with the defendant bank a sum of money which belonged to the plaintiff, of which fact the defendant was chargeable with knowledge, ordered the defendant to pay it out to third persons by his individual check and for his own benefit. It seems to me clear that such a payment did not discharge the obligation of the defendant to repay to the plaintiff its money that the defendant had received, and that therefore a cause of action is alleged. This whole subject has been extensively reviewed by the Court of Appeals in the case of Ward vs. City Trust Company (supra), and further discussion would seem quite unnecessary.

We are met in this case by an appeal to protect the financial institutions of this city from the liability that will be imposed upon them by charging them with notice of the form of all checks received on deposit. But if an exception is to be made in favor of large institutions because of the impracticability of examining all checks presented to them, it must be made by either the Legislature or the court of last resort, as this court has merely to administer the law as it finds it.

It follows, therefore, that the judgment appealed from must be affirmed, with costs, with leave to the defendant to withdraw the demurrer within twenty days and answer on payment of costs.

Patterson, *P.J.*, and Laughlin, *J.*, concur.

Scott, *J.* (dissenting): I dissent. The judgment appealed from seems to me to extend the responsibility of persons dealing with trustees not only beyond anything that has yet been judicially decided, but also beyond practicable limits. Of course, there can be no doubt that if the defendant had received the checks in payment of an obligation due to it from Van Voorhis, whether by reason of overdraft or otherwise, it would have been chargeable, from the form of the checks, with notice that Van Voorhis was using plaintiff's money to pay his individual obligations, and was thus misappropriating plaintiff's funds. (Ward vs. City Trust Co., 192 N. Y., 61.) In such a case the misappropriation would have been complete when the money was paid over, and the mere fact of its use for that purpose would establish the fact of its misappropriation.

This case, however, is very different. There were two distinct periods at which defendant acted. First, when it received the checks on deposit, and, second, when

it paid out the money on Van Voorhis' drafts. The form of the checks which Van Voorhis deposited undoubtedly served to give notice to defendant that Van Voorhis was plaintiff's treasurer, and that he was depositing plaintiff's money to the credit of his personal account. This, however, did not amount to notice of diversion or misappropriation, for there is no rule of law compelling the treasurer of a corporation to deposit the funds committed to his charge in any particular way.

The plaintiff had intrusted its money to its treasurer, as an individual, not to any particular bank account, and the deposit with defendant did not operate to take the funds out of the custody of the treasurer, but to leave them there. I am quite unable to see that the acceptance of the checks as a deposit to the credit of the very person who was presumptively entitled to the custody of the fund was equivalent to acquiescence in a diversion, because, in point of fact, so long as the money remained in Van Voorhis' custody it was not diverted, but was in the custody of plaintiff's treasurer, where it ought to be.

When we come to the paying out of the money, it seems to me that it is equally difficult to hold defendant. The utmost notice with which defendant was chargeable, by reason of the form of the deposit, was that Van Voorhis, plaintiff's treasurer, had deposited plaintiff's money in his own name. That is to say, it had notice that the account standing in the name of Van Voorhis, as an individual, was in fact the account of Van Voorhis, as treasurer. If it had been such in form the defendant would have subjected itself to no liability in paying out the money upon Van Voorhis's check, and would have been under no obligation to inquire to whom or for what purpose it was being paid out.

The rule of liability sought to be fastened upon defendant, who bore no contractual obligation to the plaintiff, is much more stringent than could be applied to plaintiff's depository bank, for Van Voorhis might have drawn the money in cash without imposing any legal obligation of inquiry upon the depository bank, or could, without necessarily awakening suspicion, have drawn checks to the order of any one, except himself, even to pay his individual debts. The defendant was a mere conduit through which the money passed, and the judgment below, in my opinion, holds it to a quite unreasonable responsibility, and one which finds no direct support in any case to which our attention has been called. In all of those relied upon by plaintiff there have been present the important fact, which is absent here, that the bank or individual to whom the diverted money was paid received it in payment of a debt or in some other way reaped a benefit from the payment. When that fact is absent a different rule has heretofore been applied (Gray vs. Johnston, 1868, L. R., 3, H. L., 1; Coleman vs. Bucks & Oxen Union Bank, 1897, 2 Ch. Div., 243; Shields vs. Bank of Ireland, 1901, 1 Irish Rep., 222; Ashton vs. Pres't, etc., Atlantic Bank, 3 Allen, 217; Batchelder vs. Cent. Nat. Bank, 188 Mass., 25; Safe Deposit & Trust Co. vs. Diamond Nat. Bank, 194 Pa. State Rep., 334; Rhinehart vs. New Madrid Banking Co., 99 Mo. App., 381; Martin vs. Kansas Nat. Bank, 66 Kansas, 655).

McLaughlin, *J.*, concurs.

POWERS OF PRESIDENT.

BARTLETT ESTATE CO. vs. FRAZER ET AL.

COURT OF APPEAL, SECOND DISTRICT, CALIFORNIA, SEPT. 27, 1909.

As under the usages and customs of modern banking, the president of a bank is recognized as the executive head and most important agent of the corporation in its banking operations, the former rule that limited his powers to transactions expressly authorized by the board of directors no longer obtains.

THIS was an action upon a non-negotiable promissory note payable to the Peoples State Bank, and by it assigned to the plaintiff.

Allen, *P.J.* (Omitting part of the opinion):—The court found in favor of

plaintiff upon the issue as to the assignment and transfer of the obligation the basis of the action. Appellant contends that there is no evidence in the record to sustain this finding of the court. There is evidence that the bank to whom the note was made payable received a consideration for its transfer, and that the assignment was made in the name of the bank by its president eight months before suit was brought.

Under the usages and customs of modern banking, the president of a bank is no longer regarded as an ornamental magnet with which to attract deposits, but, on the contrary, is now, and has been for several years, recognized as the executive head and most important agent in connection with banking operations. The reason for the rule that through banking usage the president's power was limited to transactions expressly authorized by the board of directors no longer obtains, and the rule should cease; but, aside from this, the People's Bank received and retained the proceeds of a rediscount of the note set out, thereby acquiescing in the acts of its president in making the assignment, and transfer from which the proceeds of the rediscount were obtained, and were it even conceded that the internal policy of a banking corporation requires the indorsements on its rediscounts to be executed by the cashier or other officer, nevertheless, by acquiescence in the acts of its president, it would be estopped to deny his authority in the premises. This principle is established by section 3519 of our Civil Code: "He who can and does not forbid that which is done on his behalf is deemed to have bidden it."

The bank being estopped to deny the authority of the president in making the transfer appellant is fully protected from further litigation or liability in connection with any claim of the bank on the paper, and this should be the full measure of his right to enforce proof of assignment, or to question its validity. In our opinion the court was warranted in finding that the note had been assigned and that plaintiff was the owner and holder thereof.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

BANK ASSUMING GUARANTY.

HUTCHINSON, KANSAS, Dec. 18, 1909.

Editor Bankers Magazine:

DEAR SIR: Kindly permit us to submit the following extract from a letter recently received from an Oklahoma bank, with the request that you give us your opinion as to whether it is binding upon the bank and if the officer issuing same is acting within his authority:

"We will honor all drafts or personal checks drawn or endorsed by John Doe or Richard Roe should he be at the Hutchinson office." CASHIER.

The above is intended as a guaranty to us in the handling of drafts for grain with bills of lading attached. CAS.

Answer: No general rule can be laid down in cases of this character, but each case must depend upon its own peculiar circumstances. Where the cashier of a bank advises a person that the bank will pay a check for a certain amount to be drawn by a designated individual, such promise is binding upon the bank in favor of the promisee if he has acted thereon in good faith. In such case the promisee has the right to assume that the person whose check is to be paid has that amount on deposit with the bank, or that the bank is in some way secured. North Atchison Bank vs. Garretson, 51 Fed. Rep. 167. But if he should know that this was not the fact, then the promise would be void; for the reason that the cashier has no authority to lend the credit of the bank or bind it by an accommodation acceptance. (Farmers & Merchants Nat. Bank vs. Smith, 40 U. S. App. 690; Commercial Nat. Bank vs. Pirie, 82 Fed. Rep. 799; First Nat. Bank of Moscow vs. American Nat. Bank, 173 Mo. 153; Nat. Bank of Commerce vs. Atkinson, 55 Fed. Rep. 465.) And if the promise is to pay *all* checks

or drafts which the person designated may draw, without restriction as to the amount or as to the purpose of the same, the person receiving such promise is bound to notice that it is an attempt to pledge the credit of the bank to an unlimited extent, and this no officer has the power to do. Standing alone, therefore, this guaranty is too general to be acted upon with safety. But in the case stated in the inquiry the correspondence will very likely cure this defect; for if the letters show that the guaranty was intended to apply only to drafts accompanied by bills of lading assigned to the drawee bank or for its benefit, the guaranty would be valid; for it is thus restricted to transactions in which the bank is authorized to engage and which are in the usual course of the banking business.

CHINA, AS A SILVER MARKET, AFFECTED BY FOREIGN TRADE.

RECENTLY China, instead of India, has become the mainstay of the Oriental silver market. Stocks there are not much short of $25,000,000. China is the only country where the currency question is still an open one so far as silver is concerned. Should the mints of China begin on any large scale to recoin old silver for the purpose of introducing harmony into provincial coinage, the expansion of trade and industry at home arising from that and other causes would no doubt stimulate a perceptible demand for new supplies of silver metal.

As matters stand now, the thing which gives concern to the outside world is not only what China's policy is to be towards silver, but also what her foreign trade policy shall be and her foreign financial policy.

China has regularly a balance of trade against her. In the past eleven years this has ranged from $35,531,156 in 1898 to $161,340,469 in 1905. The tendency of the excess of imports has been to increase rather than otherwise.

As to trade, the position of importing firms on a falling ratio of exchange for silver has been so untenable as to cause the banks to make some stand against further decline, in the hope that importing would become more active and thus rescue the imperiled firms from danger. Meanwhile China has increased the exports of surplus products, while strengthening the self-sufficing position of the country as a producer. The Grand Council of the Empire has before it a proclamation, urging that the financing of railways should be done by native subscription and that foreign loans should be avoided. China is likewise urging the importing of raw materials rather than of manufactures. It may take a long while before independence comes, but that is the hope of a strong party of Chinese officials. The relative values of imports and exports show that in the past eleven years China imported 53 per cent. more in value than she exported.—*Wall Street Journal.*

CHANGE IN A WELL-KNOWN BANKING HOUSE.

THE interesting announcement has been made that from the beginning of 1910 the title of the firm of Messrs. J. S. Morgan & Co. will be changed to Messrs. Morgan, Grenfell & Co., and the important difference will be made in the partnership that the two American firms of J. P. Morgan & Co., of New York, and Drexel & Co., of Philadelphia, will become partners. The previous arrangement had been that out of the American firms only Mr. J. Pierpont Morgan and Mr. John Pierpont Morgan, Jr., were partners in the London house, together with Mr. Edward C. Grenfell and Mr. Vivian Hugh Smith. In future the firms as firms will be partners in the London house, just as they are in the allied firm of Morgan, Harjes & Co., of Paris, but the arrangement now proposed will have no effect upon the relation of the French and English firms. In other words, the arrangement is one for the consolidation and closer working of the allied firms. It is an interesting point in connection with the matter that the change in the title of the firm has arisen from the instructions left by the late Mr. Junius S. Morgan at his death in 1890, when he desired that the title of the firm should be changed some twenty years after his decease.—*London Bankers Magazine.*

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE PROGRESS OF GREAT BRITAIN.

A REVIEW of the progress of Great Britain for the past quarter of a century has been made by the Board of Trade, with some very interesting results, bearing upon the present discussion of the fiscal system. The results are summed up by five-year periods, except for the four years ending with 1908. They show that imports of manufactures into Great Britain have risen from £1 16s 6d ($9.00) on the average of the five years ending with 1889, to £2 16s 11d. ($14.00) for the four years ending with 1908. The exports of manufactured articles, on the other hand, always many times such imports in value, have risen from £5 7s 7d ($26.50) to £6 14s 4d ($33.00). Particular manufactures, involving the highest degree of skill and labor efficiency, show a more striking increase. Exports of manufactures of iron and steel, for instance, increased on the average from £24,300,000 for the five years ending with 1889, to £45,100,000 for the four years ending with 1908. Exports of machinery show an increase from an annual average of £12,100,000 to £28,200,000. Only in cotton and woolen manufactures is the increase small, doubtless as the result of the transfer of the American demand to plants established in the United States.

In tonnage entered and cleared at British ports, the increase was from 66,539,000 tons, upon the average of the five years ending with 1889, to 124,387,000 tons in the four years ending with 1908. The passengers carried on railways increased in the same period from 735,000,000 to 1,244,000,000, and the goods conveyed from 272,000,000 tons to 489,000,000 tons.

The growth in the financial resources of London is more striking than the growth of the country in the physical movement of merchandise. The number of companies carrying on business in the United Kingdom was 10,456 on the average of the five years ending with 1889, with paid up capital of £580,000,000 ($2,825,000,000); the number on the average of the four years ending with 1908 was 42,256, with paid up capital of £2,048,000,000 ($9,984,000,000). The clearings of London bankers increased over the same interval from £6,410,000,000 to £12,462,000,000. Assessments for income tax increased by more than fifty per cent., or from £642,000,000 to £974,000,000. The conclusions based upon these figures by the "London Economist," in its issue of November 27, are set forth as follows:

"The satisfactory record that is here presented is evidence of the inherent soundness of our commercial system; the trade statistics fail to show that we have fallen behind in international competition, or that the resources of this country are not being used to the best advantage. At the same time the figures of internal wealth prove that British backs are broad enough to bear the burden of social reform. The evils with which we are faced have been accelerated, in some cases entirely created, by the rapid industrial reorganization of the nineteenth century, and are common to all the countries which have shared in the industrial revolution. It rests on the national conscience to see to it that out of the wealth which commerce has brought to England provision should be made for those who have suffered while the nation as a whole has prospered."

THE ENGLISH NOTE ISSUE.

THE circulation of private and joint-stock banks in England which survived the law of 1844 has dwindled rapidly of late years, until the total amount of the authorized issues is now £1,171,545. This amount will be materially reduced, however, by the recent absorption of Stuckey's Banking Company by Parr's Bank. Stuckey's had the right to issue notes to the amount of £356,976, and although they had nothing like this amount in circulation, their notes outstanding reached a higher figure than those of any other institution except the Bank of England. The last return made by Stuckey's showed that about £67,000 was out, and when this issue lapses by absorption into Parr's, the authorized note issue of joint-stock banks in the country, which is now £721,746, will be cut down to about £365,000. The actual circulation of the joint-stock banks, which stood on November 6 at £198,019, will fall below £124,000. The private banks still have rights of issue to the amount of £449,799, but the November return showed only £99,164 in actual circulation. Thus, the entire circulation outside the Bank of England will fall to about £225,000.

This is a material change from the conditions when the act of 1844 was passed, leaving to existing banks the privileges of issue which they then had, but cutting off further increase. At that time 207 private banks in England were left with the authority to issue notes to the amount of £5,153,417, and seventy-two joint-stock banks with authority to issue £3,478,230. The number of private banks authorized to issue their own notes has been diminished by 196 and the number of joint-stock banks by sixty-one,—chiefly by the abandonment of the right of issue and the absorption of the banks by other institutions. The process of surrendering circulation has been much more rapid within the past dozen years than prior to that date. At the beginning of 1896, fifty-six banks still had authority to issue £2,220,048 and thirty-five joint-stock banks an authorized limit of £1,974,202.

The authorized limit of circulation at the Bank of England, covered by securities, which stood in 1844 at £14,000,000, now stands at £18,450,000. The circulation of the bank may be increased by the amount of two-thirds of the country bank-notes which have lapsed, but the increase does not fall to the Bank of England automatically, but requires an order from the Crown in Council. Increases were made under this authority on ten different occasions from 1855 to 1903, the last being £275,000, on August 10, 1903.* The considerable decline in the circulation of the private and joint-stock banks (since 1903) would seem to justify a further increase in the authorized circulation of the Bank of England, but as there is at present some agitation for reducing the so-called "fixed issues" covered by securities, hasty action by the government will probably not be taken.

HOW MEXICO MET THE CRISIS.

AN interesting account of the manner in which the Mexican Government met the crisis of 1907 and the strain put upon Mexican resources in 1908, is presented in the recent report of the operations of the Exchange and Currency Commission for the period from May 1, 1905, when the Commission was constituted, to the close of the last fiscal year on June 30, 1909. The rise in the market price of silver aided Mexico in planting her monetary system firmly upon the gold exchange standard. The crisis in the United States and Europe reacted upon Mexico by curtailing foreign credits there, independently of any lack of soundness in domestic conditions. It soon became evident that the gold acquired for maintaining the solidity of the monetary system would begin to leave the country unless measures were taken to protect it. The exportation of the gold, it was feared by the Exchange

*For further details see "A History of Modern Banks of Issue," (Conant), 4th edition, p. 123.

Commission, would cause uneasiness and ought to be guarded against, if practicable. The measures taken, which have not perhaps been fully set forth heretofore, are described my Dr. Pablo Macedo in the report of the Commission as follows:

"Thus, early in January, 1908, arrangements were made with a group of French bankers, at whose head was the powerful institution known as the 'Banque de Paris et des Pays-Bas,' whereby the Commission was authorized to draw on them at three months from date, to the order and with the endorsement of the National Bank of Mexico, for 25,000,000 francs, the drafts to be renewable once only for the same length of time. The conditions of this loan, which in its form was quite usual and strictly adjusted to mercantile practice, were the conditions that are customary in such cases, nay, rather more favorable; a commission of three-eighths per cent. on acceptance and one-quarter per cent. on payment was stipulated, and the drafts were discounted at the current rate of the Bank of France.

"Other measures had been devised and other preparations had been made in other markets in the possible event of the twenty-five million francs not being sufficient to tide over the difficulty; but fortunately, no further sum was necessary, for conditions gradually improved, and the only problem that demanded attention was how to meet in July, 1908, the drafts made in January of that year, which had been renewed when maturing in April. The conditions of the exchange market, as has been said, had been improving and the supply of drafts sufficed for the demand, even enabling the banks to cover the balances standing against them; but beyond this the improvement did not go.

"Arrangements were, therefore, concluded at New York toward the close of May, 1908, for the Commission to issue six-month four and one-half per cent. notes at ninety-nine and one-quarter per cent., also to the order of the National Bank of Mexico, and endorsed by that bank, for $2,500,000, United States currency, which was used to take up in the following July 13,000,000 francs of the drafts which had been renewed in April, the remaining drafts, *i. e.*, for 12,000,000 francs, being again renewed so as to mature in the following October. Even when this month arrived, the supply of exchange was far from being plentiful, and it was necessary to make another issue of six-month notes in New York for $2,500,000, United States currency, to pay off the balance of 12,000,000 francs of the Paris drafts, thus winding up that transaction. But the object sought had been attained; better times had come to foreign markets; business had almost entirely become normal again; and fresh capital, including the proceeds of the bond issue successfully floated by the Institution of Loans for Irrigation Works and the Encouragement of Agriculture, was again flowing into the Republic, as usual, enabling the Commission to meet its obligations at New York at, nay before, maturity. . . .

"To complete the information under this head, it must be stated that the Commission created another fund abroad on which to draw by shipping and selling the domestic gold bullion, which, as already explained, it is in the habit of acquiring at this Capital. The detail of these shipments (Annex No. 10) shows that the proceeds in Mexican currency, at the legal parity, of 11,469.120984 kilos of gold shipped, were $15,286,741.24 received by the Commission."

THE CENTRAL BANK OF KOREA.

PARTICULARS of the charter of the new central bank of Korea, given in "L'Économiste Européen," of November 12 last, indicate that it will follow in many respects the system of the Bank of Japan. The success of the new institution sems to be already assured. The subscriptions to the stock, which were opened on September 6 last, resulted in bids for 280 times the amount offered. The central bank will supersede the First Bank, a well-known Japanese joint-stock institution, which survived

the collapse of the national banking system a generation ago.

An agreement was concluded on June 14 last between the Government of Korea (acting, of course, under the mandate of the Japanese Government) and the First Bank, by which the affairs of the latter were to be transferred to the new bank. The central bank of Korea will assume the obligation for the notes issued by the First Bank and will take over the bank-notes, coin and bullion held by the latter as reserve. In respect to that part of the circulation covered by bonds and paper, the First Bank will be given twenty years to complete payment, the securities being in the meantime transferred to the First Bank, pending their liberation to the amount of the payments. The First Bank is authorized to maintain one or two branches if necessary, but must avoid any operations injurious to the affairs of the central bank.

The capital of the new bank is 10,000,000 yen ($5,000,000), divided into 100,000 shares of 100 yen each. Japanese and Koreans alone are permitted to hold shares, and 10,000 shares were subscribed for by the Korean Government.

The system of circulation of the bank is similar to that of the Bank of Japan. An issue of 20,000,000 yen is authorized upon securities, beyond which any amount may be issued if fully covered by gold and silver coin, bullion, and notes of the Bank of Japan. In case of pressure, the bank may issue notes above the legal limit and not fully covered, at a rate of taxation not less than five per cent. per year. The bank is required to transfer to the surplus fund at least eight per cent. of its profits. When the dividends exceed twelve per cent. of paid up capital, half the excess will go to the government. When the dividends do not reach six per cent. upon the shares held by individuals, the bank will be released from paying dividends upon the shares owned by the government. The government will go further, in granting a subsidy to make up the dividend to six per cent. if necessary, and will also advance to the bank without interest a sum of 1,200,000 yen ($600,000), to be reimbursed within ten years, beginning five years after the creation of the bank. Besides the usual operations of a commercial bank, the new institution will have charge of the fiscal operations of the government.

MONETARY TROUBLES IN HONG KONG.

AN interpellation was made in the House of Commons of Great Britain early in November in regard to the depreciation of the local currencies at Hongkong. The subsidiary money used there is partly Chinese and partly issued by the local government. The Chinese money has been over-issued to such an amount that it is accepted in exchange only at a considerable discount, and has succeeded in dragging down to a certain extent the value of the English subsidiary pieces. A commission which was appointed by the Hongkong authorities to remedy this situation recommended that the circulation of Chinese money be prohibited. Immediate action was not taken on this proposal, and Mr. Bryce, who made the interpellation in Parliament, inquired of the Under-Secretary for the Colonies if he would give the instruction recommended. Replying to this question, Colonel Seeley, the Under-Secretary, said that the minority of the commission had pointed out in strong terms the difficulties which would be caused by prohibiting the circulation at Hongkong of Chinese subsidiary silver and the injury which would be inflicted by such a measure upon commerce between Hongkong and Canton. Colonel Seeley announced, however, as quoted in "L'Économiste Européen" of November 12, that arrangements had been concluded with the Chinese viceroy to suspend further coinage at Canton until the Chinese money had returned to par and to restrict the amount of the coinage henceforth to the actual needs of the country. He added that the latest news received indicated that the viceroy had taken satisfactory steps in the matter.

The governor of Hongkong is preparing a new report on the question, and the government will be guided by it in reaching a definite decision.

FOREIGN BANKS IN FINLAND.

A MOTION is before the Finnish Senate to permit foreign banks to operate in Finland. The character of their operations and their results do not apparently appeal strongly to Mr. W. Hackman, who is a member of the Senate and a leading banker. He is quoted in the "London Economist" of December 11 last as follows:

"If we are to expect foreign banks to benefit our trade and industry, it would be necessary that they should not only buy bills payable abroad, but also give credit to native concerns. But this is far from being certain. It would naturally confine their operations in Finland to the discounting of bills payable in their own countries and reimbursements. Probably they would do this at lower rates than those now ruling. Should they, which seems hardly probable, grant credit on a large scale to our concerns by also discounting bills payable in Finland and by loans, they would require to introduce a good deal of capital into the country, and should this be the case, such a credit movement would unquestionably be considerably affected by money crises and rates of exchange abroad, and our home finances thus become dependent on financial crises abroad; and in such times the foreign banks might feel compelled to curtail credit here, whereby our commerce and industry would suffer. Moreover, should foreign banks be allowed to receive deposits, guarantees would be necessary. Indeed, they would have to be greater than with the native banks at present, as the latter have, of course, their capital and reserve funds in the country.

"It has also been suggested that if foreign banks were to be permitted to open agencies in Finland, the rates of interest would fall. But this is by no means certain. During the last financial crisis the rates were higher abroad than in Finland. On the other hand, should they decline, the deposits with the banks would naturally decrease too, and depositors would prefer to invest their capital in foreign or native bonds and stocks. Thus this capital would be withdrawn from circulation, and the banks in consequence be compelled to curtail their advances. Is it really to the advantage of our finance and commerce that a large portion of the capital required for trade and industry should be borrowed from abroad, and our economic progress thereby become dependent on foreign capital?"

THE SCOTCH BANKS AND GOLD SHARES.

THE Scotch banks have recently restricted the freedom with which they were lending upon shares of the South African gold mines. Their action is being criticised on the London stock exchange, upon grounds which are thus discussed by the "London Statist" of November 27:

"It is alleged, for example, that when trade was depressed and money a drug every possible facility was given to speculators to buy gold shares, but that when money became dear the speculators were executed without mercy. These are charges which manifestly do not admit of either assertion or denial, for how can anybody know what a number of banks have been all doing? In all probability the charges are greatly exaggerated. But if there is any ground for the charges, the banks in question have undoubtedly acted unwisely for themselves and unfairly towards their customers. The London banks,—or a majority of them, perhaps,—carry their distrust of gold shares too far by practically refusing to lend upon them. But at all events their action is fairer to their customers than the alleged action of the Scotch banks. It is also in accordance with the real interests of the banks, for banking customers in general know the policy of the banks, and, therefore, are not encouraged rashly to en-

gage in a speculation which, if the facilities are suddenly withdrawn, may land them in serious losses and thus may create a prejudice against the banks accused."

BANKING REFORMS IN GERMANY.

A SPECIAL commission has recently been investigating in Germany the subject of protecting bank depositors from loss. The commission did not recommend any legislation, but the banking members have undertaken to persuade the banks to take action which will better satisfy the views of depositors than the present policy. According to the Berlin correspondent of the "London Economist" of December 11 last, it is proposed to broaden the scope of the bi-monthly returns already issued by the big joint-stock banks of Berlin so as to give the public fuller details of bank operations; and an attempt will be made to induce all joint-stock banks to send in regular returns. Moreover, it is proposed to organize a so-called advisory council, composed of practical bankers, parliamentarians, and theoretical students of banking problems. This council will be a permanent institution, and will hold meetings from time to time for the discussion of such matters coming up in the work of the banks as may seem to involve public interest. One function of the advisory council will be to receive, edit, and publish the returns of joint-stock banks in conjunction with the statistical bureau of the Reichsbank.

STRENGTHENING GOLD RESERVES.

THE London, City and Midland Bank is setting an example, according to the "London Statist," to the other joint-stock banks which might well be followed. When the Bank of England in the latter part of November declined to buy the gold available in the open market, the London, City and Midland Bank seized the opportunity to acquire the gold for its own reserves. This is not the first time that the bank has bought gold in the open market, and it has now accumulated a considerable reserve. The "Statist," in its issue of December 4 last, declares in regard to the bank's reserve:

"Its action this week shows that it is resolved to seize every opportunity to add to it. It would not be reasonable to expect that a bank like the London, City and Midland should pay an excessive price, or should enter into keen competition with foreign buyers. But by watching the matter very closely and seizing every occasion when it can buy at or about the price which it is certain to be able to command for the metal should it need to dispose of it it can, with advantage to itself and with benefit to the whole country, add materially to its reserve. This bank, in short, is not satisfied with professing adherence to the principle that the joint-stock banks should keep independent gold reserves. It is giving practical proof that it is sincere in its professions and is getting together a handsome reserve."

BANKING REFORMS IN MEXICO.

THE experience of the depression of 1907 and 1908 has led to the consideration in Mexico of a change in the banking system which will limit the privilege of issuing notes to a single institution. The House of Deputies has had under consideration a project prepared by Senor Fernandez Ibarra, which proposes to unify the existing banks of issue by making the State banks branches of the central bank. The capital proposed is 80,000,000 pesos ($40,000,000), with an authorized note issue of three times the amount. The capital would be about the capital of existing banks of issue, but it is believed the note circulation would acquire a stronger standing throughout the country if issued by a central bank. The project before the Chambers proposes that branches of the bank should be established in all towns of more than 50,000

inhabitants and agencies in places of 2,000 and more. Warehouses would be erected by the bank in places designated by the Minister of Agriculture, for the deposit of agricultural and industrial products on which advances might be made. Such advances would be limited to six months, but renewal would be granted under certain conditions.

ODD MISTAKES ON OLD BANK NOTES.

RARELY do imperfect or misprinted bank notes evade the vigilance of Uncle Sam's inspectors in the Bureau of Engraving and Printing. Perhaps the most extraordinary misprint that ever slipped through was a $50 national bank note. This, it appears, actually found its way into circulation. The manner of its discovery was odd. A clerk in a western hotel, in making up his accounts one day found a discrepancy he could not explain. He placed the pile of bills at his left hand, and, as he counted each one, turned the note over and deposited it on a pile at his right. He found that when he counted from left to right his cash balanced exactly, but when he counted it back again a shortage of $50 was shown. He consumed two hours in vain endeavor to find out what was the matter, and finally was obliged to call on the manager for assistance. The manager himself had no better success. Again and again he counted the bills, always with the same result—one time the cash balanced and the next the shortage was developed.

How the Error Occurred.

Finally, each bill was examined separately, both obverse and reverse; whereupon the mystified men discovered the cause of their trouble. One of the bills had the design of $50 on the obverse and that of $100 on the reverse. It further appeared that the clerk had received the bill as $100. Communication with the Treasury Department was had and it was found that that department had a record of the bill. It was discovered in 1890 that one sheet of bank notes printed for a national bank of Kansas City had been reversed in the press. One plate bore the obverse of a $50 bill at the top and the obverse of a $100 bill at the bottom. The other plate bore the reverse of the two notes. After each had been printed it was laid aside to dry before being run through for the obverse printing. In some way the pressman had turned one sheet upside down, with the result that two misprinted bills came forth—one with a $50 obverse and $100 reverse, the other with a $100 obverse and a $50 reverse. The cashier of the bank was the first to become aware of the error. He found that something was wrong after he had paid out the note with the $50 face and the $100 back by coming across the one with the $100 face and the $50 back. The note held by the cashier was returned to the Treasury and destroyed, a perfect note being issued in its stead.

Mistakes in Silver Certificates.

Errors were discovered in the design of the 1880 sliver certificates. These were more the fault of the engraver than the printer. On the 1880 notes is found a treasury seal entirely different from any other ever used by the Government. The key, which is one of the most important symbols of the seal, shows a handle at the left hand side instead of at the right, as on all others. The shield is of different shape and the stars are larger. The two ends of the band surrounding the symbols are fastened with a buckle, which in no other instance plays a part in the design of a treasury seal. This is the only issue of notes on which the peculiar seal was used, and collectors of paper money include them among the errors or freaks. The $1, $2 and $5 silver certificates and the $10 legal tender bills of the present issue occur with what are known as inverted backs. As a matter of fact, this is an erroneous deviation, inasmuch as they are really inverted fronts. These bills are sought by collectors, who pay a premium for them when in fine condition. Another curiosity is a $1 note of the Second National Bank of Ravenna, Ohio. This lacks the signatures of both the president and the cashier, although it was circulated and never challenged.

Other Oddities in Bills.

A $1 national bank note of the First National Bank of Fall River, Mass., also lacks both signatures, which seems not to have interfered with its being offered and accepted as money. Still another $1 note of the First National Bank of Indianapolis, Ind., lacks the signature of the president only. Slight as are these errors or omissions, they give additional value to such bills in the eyes of collectors of paper money, who are glad to pay a premium for them. It is not known how many of the bills of the present issue are in circulation with inverted design, but it is not thought that there are many. A legal tender note of 1860 shows an oddity. On the face of the note is a portrait of Webster, while to the right is a representation of Rolfe presenting Pocahontas to Queen Elizabeth. At the bottom of the centre is a small eagle. Upon inverting the bill the eagle presents a faithful resemblance to the head of a donkey. Whether this was intended by the engraver as a joke is not known, but the resemblance is so close as to indicate premeditation on his part.—*Chicago Tribune*.

POSTAL SAVINGS BANKS? — YES.

By Pliny L. Wood.

BY all means let us have "Postal Savings Banks." They are operated in all countries where money is needed for Government expenditures, and are very successful indeed—for the Government. The English postal bank is insolvent, but the people, "who must have a safe place for their savings," do not know the difference, or at least not enough of them know of it to cause "a run." The "Postal Savings Bank" is not a howling success in Canada, where the people in isolated communities have discovered that a bank which can loan local money on local mortgages or securities is better than a bank which scoops up all the loose change and forwards it to the large cities where it will do the Government most good.

President Taft says that he really meant it when he endorsed the plank in the Republican Platform which calls for "Postal Savings Banks," and now he proposes to make good. Naturally the Monetary Commission which has spent a great many months at all the principal watering places of Europe and the United States (at the expense of the Government) would like to have the matter deferred so that they may consider it as a part of their report.

Of course the bankers of the United States are a unit in opposition, but what do bankers know about it anyway? It is preposterous for them to have any opinion in regard to such a matter. As the newspapers and politicians say, the bankers are looking out for themselves and are afraid that the people's money won't be put in their care so that they can pay four per cent. for the use of it, and then use it to make one-quarter or one-half per cent. more for themselves. How selfish of them. They may know something about banking, but this is different. This is philanthropy.

What the weary sojourner from other countries most desires in this land of prosperity and high wages, says Meyer, is "a bank in which he has confidence." Of course a proper proportion of the billions of dollars in banks in this country belongs to the aforesaid "temporary sojourner," but still there are some immigrants, who, as President Taft says, keep their savings in old stockings or send them home to the mother country to support the family left behind; or to buy tickets to bring the rest of the family over here; or to be held in their home country against the time when they shall return there to live on the fruits of their labor in blessed idleness. Provide the "Postal Savings Bank" and they will not be able to refrain from depositing their savings therein, thus perhaps reducing their families to starvation, shattering the hopes of the families who have desired to join the father in this country; and disappointing the steamship companies that expect to sell the tickets, and thus also doing away with the laborer's dream of retiring to the home country for the remainder of life. All this will be done, so ex-Postmaster-General Meyer and President Taft tell us. In other words, unless he foregoes all these plans and pleasures, the immigrant will send the money home anyway, and if he is going to send it anyway, what difference does it make whether he accumulates it in an old sock or a post-office?

Then, too, there is the unfortunate farmer who has no savings bank next door and who is obliged to go to the village or town in his automobile or behind his pair of horses to deposit his thousands of savings. Provide the "Postal Savings Bank" so that he can send the money by Ye Rural Free Delivery carrier to the nearest post-office. Most of these farmers are in the habit of putting their money into more profitable investments, but never mind. Let the Government at Washington show them that it takes an interest in their prosperity by providing an absolutely safe depository on a two per cent. basis. This will certainly be appreciated, like free seeds, even if not made use of.

Assuming that the next Congress decides to embark upon this enterprise, just think for a moment of the other benefits. First, the present army of Government employes would be tremendously added to and a large number of splendid salaried positions would be provided for the patronage of the politicians. The postmasters would all get increased salaries, and, ye gods and little fishes! what a fat catch this would be for the bonding companies, and how the stock in such companies would go up! Of course, at present the Post-Office Department runs behind only $20,000,000.00 a year, and by the adoption of "Postal Savings Banks"' this deficit could undoubtedly be doubled the first year, thus proving to other countries our philanthropic spirit in handling the savings of the nation. Incidentally, those Government two per cent. bonds, which are as numerous and indigestible as some industrials, could be absorbed by the postal funds and thereby brighten up the tarnished halo of Cortelyou et al, who promoted them.

Last, but not least, much money will be required for the completion of the Panama Canal and the inland waterways which are proposed. Now, perhaps, we have arrived at "the meat in the cocoanut." Government twos are a drug on the market, and the canal must be completed, and we have not yet put up one-quarter of the necessary funds. Now, here is an opportunity for the dear people to invest their money in a safe place. Canal twos will be as safe a place as one could put money, should one desire to put it where it could not be gotten again. President Taft will provide the bonds; the people will provide the money; and the politicians will spend it. But finally, let us not forget, even though politicians do, that the people of this country are capable of doing a lot of thinking.

At present, the people own and operate banks enough for their own business, and it will be a long time before they will care to see the people's banks supplanted or in competition with Government "Postal Savings Banks"—operated for the purpose of covering up Government debts.

What is really needed in this country is the parcels post, which would free us from the exorbitant charges of the express companies, which seem to be busily engaged at present in "cutting melons" for the benefit of their stockholders and at the expense of the people.

A LESSON IN THRIFT.

SCORES of women have started savings accounts in the First National Bank of Englewood, Ill., with money taken from the pockets of their sleeping husbands. Their impetus in this direction is said to have been given by the following paragraph, which appeared in "Savings," a monthly publication issued by the bank itself:

"One woman's method of saving money—or perhaps we should say one of a woman's methods of saving money—is to go through her husband's pockets every night while he gently slumbers. All the loose change she finds she deposits in our bank at interest."

Since this "tip" went broadcast the number of depositors has increased by 500 in round numbers, and the only way it is accounted for by V. E. Nichols, cashier of the bank, is that the wives have taken up a nocturnal collection of spare change.

"For the last ten years we have made

a close study of the people of Englewood," said Elroy M. Phillips, editor of "Savings." "At last we have the combination."

According to a number of the wives, they took advantage of the holidays to lift considerable of their husbands' coin.

This, according to several court decisions, they may legally do, one Judge saying: "A woman who does not go through her husband's pockets does not love him."

THE TELLER AND HIS TASK.*

DEPOSITS BY CHECK.

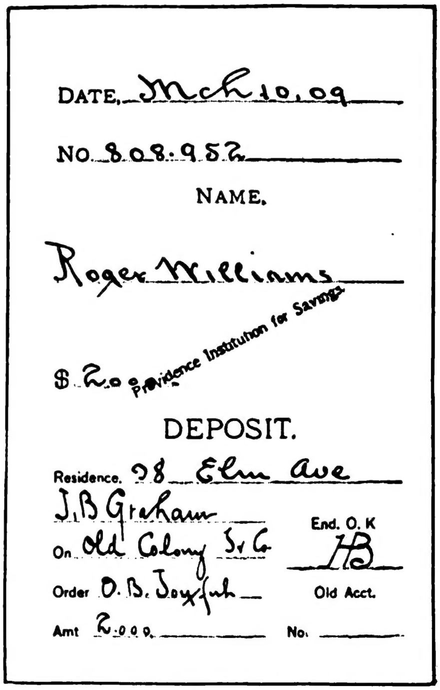
By W. H. Kniffin, Jr.

DEPOSITS by check will not be received by some banks under any circumstances and in others such deposits are received only under certain conditions, as, for instance, checks must be made to order of depositor, or to the bank, and but one endorsement in the former case; check deposits must remain for a stipulated time, running from five to thirty days; checks on banks in a certain city, as, for instance, checks drawn on New York City banks, only. Each bank may make its own rules in this regard, as experience teaches, but it is a most excellent rule to *keep a record, more or less complete, of each check handled for future emergencies*, as indicated below, and also to have a rubber stamp with the words

"Check —— Days,"

which can be placed opposite the entry, calling attention to the fact that the deposit was by check, and no payment should be made until the funds have been received. The time will vary according to the point drawn on, local checks taking from one to three days and others longer, which time can be inserted in the blank space.

The importance of having check deposits duly marked to avoid payment will be seen from the following instance, also in Brooklyn, as the writer remembers it: In this case the bank received the deposit in form of check and gave the party a pass book, with the understanding between them that it should not be drawn against for thirty days. The depositor went out and assigned the book to another for value, without notice of the check deposit, or the restriction. The check came back protested, and in due time Mr. Assignee presented


DATE, Mch 10, 09

NO. 808.952

NAME.

Roger Williams

Providence Institution for Savings

$ 20

DEPOSIT.

Residence. 28 Elm Ave

J. B Graham

End. O. K

On Old Colony S. & C.

HB

Order O. B. Joyful

Old Acct.

Amt 20.00

No.

Deposit by check and record of the same. See text. Providence Institution for Savings, Providence, R. I.

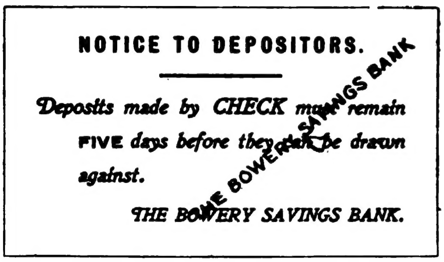
the book, with proper voucher, and while he did not get his money, he did give the bank a severe fright, for here was an innocent holder for value of a bank book, which was, on its face, good for the amount called for. Had the bank

* Continued from page 68 of the January BANKERS MAGAZINE.

not been protected by a by-law which provided that *no assignments of the book would be honored unless made at the bank,* it would have had a law suit on its hands.

The matter of check deposits is usually covered by by-law, and this is as it should be. In treating the subject of by-laws, which ran in THE BANKERS MAGAZINE from July to October, 1909, deposits by check were noted in the September number. But subsequent inquiry, however, indicates that banks are accepting check deposits with more or less freedom, with certain restrictions, as, for instance, checks must be drawn to order of the bank, or to order of depositor and by him endorsed to the bank; or, by receiving checks drawn only on certain banks in certain towns, as, for example, one up-State bank will not accept any checks unless drawn on the local national bank (so says the by-laws), but this would seem to be drawing the line with more strictness than good judgment.

The Williamsburg Savings Bank of Brooklyn accepts checks in the same manner as cash, requiring only that they be drawn to the order of depositor or to the bank direct. The Eutaw Savings Bank of Baltimore also freely accepts checks, exercising due care that payment is not made before collection. So, also, the Connecticut Savings Bank of New Haven, Western Savings Fund


NOTICE TO DEPOSITORS.

Deposits made by CHECK must remain FIVE days before they can be drawn against.

THE BOWERY SAVINGS BANK.

Check deposits are usually restricted as to the time of withdrawal. Time varies from five to thirty days.

Society of Philadelphia, and others. The Provident Institution for Savings in Boston, however, has a rule that check deposits must remain at least thirty days. As will be seen in above cut, the Bowery Savings Bank requires check deposits to remain at least five days. Such a rule is entirely just and is in force in many institutions throughout the country. One bank in New York has a by-law as follows: "Checks or drafts, when credited as cash, will only be received for the account of the depositor, and at the depositor's risk, and every depositor will be held responsible as an endorser upon all checks or drafts so deposited. The number of the deiposit book must be noted on all checks or drafts deposited." The usual rule is to deposit such items in banks of discount for collection and not make collections direct.

The importance of having a record of all checks handled, the restriction as to the number of endorsers and the *inadvisability of accepting checks promiscuously* will be seen from the following cases, of recent happening in New York savings banks: A check bearing several endorsements was received on deposit by a savings bank, and duly credited to the depositor and sent for collection in the due course of business through the depository bank, with endorsement guaranteed, with instructions to advise payment. Upon receipt of favorable advice the bank permitted the depositor to close the account. A few days later advice came from the drawee bank that the first endorsement was a forgery, as the check had been stolen from the mail, and the bank would demand reimbursement from the savings bank. The savings bank having lost its hold upon the depositor and being unable to locate him or subsequent endorsers must stand the loss.

Another instance to illustrate the advisability of having a complete record of all checks handled was as follows: A woman deposited a check with but one endorsement, which was put through the usual course, but was lost in the mails. The collecting bank asked for a duplicate, in the absence of which threatened to charge up the amount. The savings bank having no other record than the name of the depositor from whom the item was received, went to her and asked for assistance in locating

the maker. She knew nothing of the check, save that her husband had given it to her, and neither he nor she could remember whose check it was. Without going into the legal status of either case, suffice it to say, the latter bank would have been saved considerable trouble and annoyance if it had had a complete record of the check, and the former would have saved itself some money had it more closely restricted check deposits from persons not well known.

"When check is made to the order of a person other than the depositor, we accept it for deposit, provided we know the endorsement, and when we verify endorsement by signature from an account in this institution, we put the number of that account on line under 'Old Acct.'; if that person's account is still open, we cross out the word 'Old.'"

The check register shown herewith was designed by the writer. It gives a complete history of every check handled by the bank, and while it is attended with some labor, and the information contained therein not often required, the readiness with which checks can be traced when necessary more than repays for the labor involved in making the daily records. As one banker who uses such a register remarked, "We do not often have to fall back on our record, but when we do, we fall mighty hard."

CHECKS ON OTHER BANKS AND

1909

When Received		Drawer	Drawee	Check Number	Our Number	Amount
Nov	10	A. B. Swift	O. B. Joyful	325	6752	9000
"	"	Saml. Smiles	John Moody	19	6753	1000
"	"	H. Wiseman	B. D. Box	767	6754	10000
"	11	H. P. Powell	F. B. Brown	76	6755	8075
"	11	Henry Jones	Wm. Smith	1012	6756	50000
"	11	Coupons N.Y.C. & H.R.R. Co.				100.00

Left page.

OTHER ITEMS RECEIVED AS CASH

From Whom Received	No. of % Credited	How Disposed of	Remarks
Benj. Brown	10676	Nat. Ex.	Ret. pro. Nov. 1309
Sam'l Short	15778	Alby. T. Co	
N. Salesman	Cashier	" "	
Robt. Fulton	10767	Farmers L. & T. Co	
B. B. Faust	21017	" " "	For collection "
Mary Adams	18502	" " "	Registered Mail

Right page.

Check register with full history of every check handled. Albany Exchange Savings Bank, Albany, N. Y.

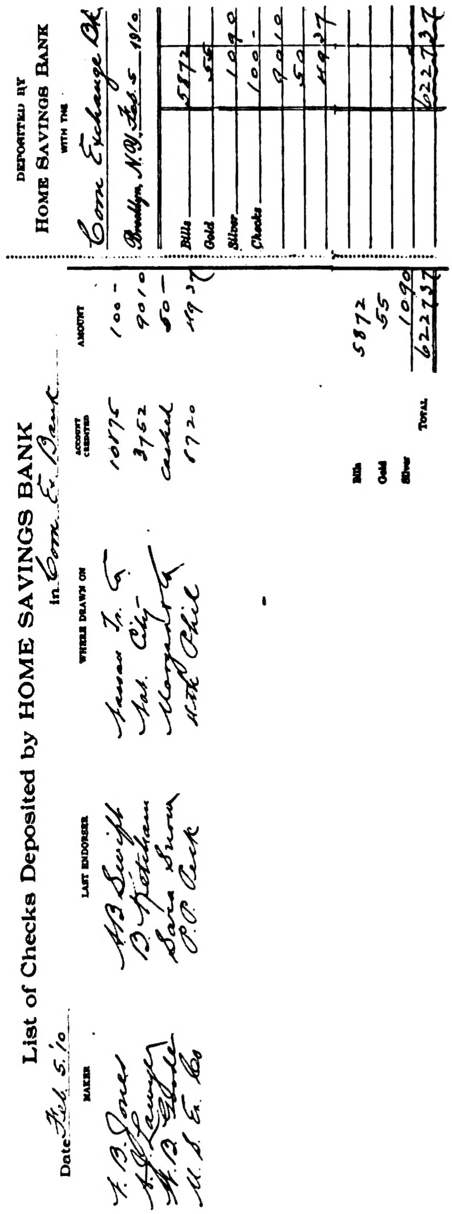
If an elaborate system of check records is not deemed necessary, the maker or first endorser can be taken on the deposit slip, and the party depositing and the bank drawn on can be taken on the duplicate deposit ticket when deposited in the collecting bank. The Providence Institution of Savings, Providence, R. I., has a system of this kind, which operates as follows:

"When the amount is in check form, we make out ticket under the word 'Deposit' by filling in *present* address of depositor; the name of *maker* of check; on what bank drawn; to whose order drawn; and the amount of check.

"Initials of clerk who looks up endorsement are placed under 'End. O. K.'

As the checks are received on deposit, the number of the account is noted on the back for the purpose of listing on the check register, and no other record need be made than the number of the account, as the deposit slip will verify the transaction in case verification should become necessary. If desired,

the deposit ticket at the right of the perforations can be transposed and the checks set opposite the items in the main sheet, and extended at the same time; or, it can be arranged to fold under and use a carbon sheet and make the two records at the same time. But as this was intended primarily for a check register and incidentally as a deposit ticket, the standard form of the latter was followed. And it is a check upon the work to list the items twice in order that omissions and errors may be detected before the checks leave the hands of the holding bank. This sheet is *four times the size* of the bank's checks and is filed with debit items. All this may seem "red tape," and there are many banks that would so consider it, as did the bank that lost the above check at one time; but it is easily to be seen that one such event happening, it will cause more annoyance and labor than the check register would require in years. *They now keep a record of their checks.*



Check register and deposit ticket combined
Portion to the right of perforation goes
to depository bank, other portion
filed with debit tickets of
the day.

(To be continued.)

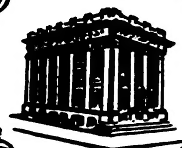
IRISH CO-OPERATIVE BANKS.

DEPUTY CONSUL J. S. ARMSTRONG, Jr., reviews the workings of the farmers' mutual banking associations in Ireland. He writes from Cork:

In 1895 there was only one co-operative agricultural bank in Ireland; by 1900 the number had increased to seventy-six; in 1905 there were 231, and according to latest figures (1908) there are 237 of these banks in existence in Ireland. These co-operative banks are modeled after the Raiffeisen societies of Germany, which have been of such vast economic value to that country. They are merely associations of the small farmers of a community, organized by the Irish Agricultural Organization Society, who jointly assume the responsibility of the capital intrusted to them as a body, and borrow money at a low rate of interest, the loans being made through a committee elected from among their number. Moreover, it is claimed that not a member of one of these societies has ever lost a penny through them.

The total membership in 1906 was 14,991. The transactions are not large, but considering that they are made among farmers of very limited means to whom a loan of $30 or $40 would be a large amount, they are of some importance locally. In 1906 the loan capital and deposits amounted to $231,500; and the number of loans was 8,447, all of which amounted to only about $250,000. The total working expenses amounted to only $1,375, and the net profit was approximately $2,750. The total reserve fund was $11,500.

Besides organizing these banks, the Irish Agricultural Organization Society has charge of the work of instructing the committees, auditing the accounts, and, moreover, supplies the various journal books and blanks free of expense.



TRUST COMPANIES

Conducted by Clay Herrick.

PROGRESS OF TRUST COMPANY LEGISLATION.

THIRTY-NINE of the State legislatures met during the year 1909, and a considerable number of bills were considered which related directly or indirectly to trust companies. It is gratifying to record that in the main the tendency continues to surround the business of trust companies and of other classes of banks with proper safeguards; while, with a few exceptions, there has been little disposition to burden such institutions with legislation which would hamper their work without adding to their safety. Trust company men have themselves been influential in many States in promoting legislation designed to protect the public against reckless or dishonest practices.

Together with other banks, trust companies were affected during the year by the continued demand for legislation providing for the guarantee of deposits, such legislation being confined to States west of the Mississippi, though similar propositions were advanced in some of the States east of the Father of Waters.

The year was made notable in advance, so far as trust company legislation was concerned, by the fact that in several States there went into effect important new legislation passed during the year 1908. These States included in particular New York, Massachusetts, Missouri, Ohio and Rhode Island. These laws, as well as much of the legislation of 1909, were to a large extent brought about by the lessons of the panic of 1907.

Among the more important enactments of the year 1909 were the following:—

California passed an entirely new banking act, creating a State banking department (in place of four banking commissioners, formerly in charge) and surrounding financial institutions with safeguards based in part upon New York laws. One section absolutely forbids any officer or employe borrowing any of the bank's funds or acting as endorser or surety on its loans, and makes violation of this prohibition a misdemeanor The accumulation of a surplus fund from earnings is required until the surplus equals twenty-five per cent. of the capital. The deposit liabilities are, as heretofore, limited to ten times the capital and surplus.

Illinois adopted a provision for the protection of the word "trust" in titles, and authorized the State Auditor to exercise some discretion in granting trust company charters.

Iowa made an attempt, backed by the Governor, to enact a complete banking law, but it was defeated, largely through the opposition of private bankers.

Kansas passed a bank guarantee act.

Minnesota created a banking department, and authorized State banks to maintain savings departments.

Nebraska passed a bank guarantee act.

Oklahoma passed the negotiable instruments act and amended its deposit guarantee act.

Pennsylvania passed an act to protect the use of the word "trust" in titles. A number of bills relating to trust companies failed of passage.

Rhode Island. Several amendments of the laws enacted in 1908 were made.

South Dakota created a State banking department, having charge of banks and trust companies, and also applying to private banks. A twenty per cent. reserve is required. A deposit guarantee law, voluntary in nature, was passed.

Tennessee passed a bill providing for the incorporation of banks and trust companies. It defeated a proposed deposit guarantee law.

Texas passed a bank guarantee law.

Washington passed several bills relating to all banking institutions.

Wisconsin, which has been the hot-bed of opposition to trust companies, passed a "compromise bill," granting ordinary trust powers, but making radical restrictions in the matters of loans and deposits, and requiring the same reserve as State banks (fifteen per cent.), although trust companies may carry only time deposits.

The above list by no means includes all the important legislation of the year which will affect trust companies, but it indicates the trend of legislative opinion. Matters receiving attention in other States were the regulation of reserves, restrictions as to loans and investments, taxes, and various protective measures applicable to all kinds of banking institutions. The year was marked by broad plans in several States for revision of the whole system of banking law, such plans being fostered by the leading bankers. In Maryland, a commission was appointed to draft a new system. Arkansas bankers were behind plans for thorough revision of existing laws. The Virginia Bankers' Association had a committee at work on a similar undertaking. The success of savings bank insurance in Massachusetts has attracted widespread interest, and has already led to the introduction of similar propositions in other States, including New York. Just why this line of work is not as appropriate for trust companies as for savings banks is a question apt to arise. The number of legislatures convening in 1910 will not be as great as that of the previous year, but important legislation will doubtless be considered.

SAFEGUARDS.

THE best judgment of the people is evidently demanding safer banking institutions. The extreme of such demands has resulted in some States in the doubtful expedient of deposit guarantee. This expedient undoubtedly has many advocates in States which have not yet adopted it, and those who deem it important to prevent such legislation may well look to plans which will accomplish the desired result of safety in other ways. Rigid regulations as to loans and investments are evidently in line with sound judgment, and the enforcement of such regulations just as evidently demands careful State supervision and examination. Another kind of safeguard in which it would seem difficult to err is in the making and enforcement of laws for the severe punishment of embezzlements and recklessness on the part of bank directors, officers or employes. Not without justification is a feeling of disgust at the failure of our governmental organization to adequately punish offenses of this character. In many States it is literally true that the theft of a few dollars or a few hundred dollars is far more certain of swift punishment than the "embezzlement" of large amounts, especially by bank men. When one considers the misery that results from every bank or trust company failure, the enormity of the crime of wrecking such an institution, either by dishonesty, recklessness or mere neglect, becomes readily apparent. The punishment for such an offense ought to be in some proportion to its enormity. This is the undercurrent of feeling and expression among the people, and it is time that frank discussion and action be taken.

A SUCCESSFUL TRUST COMPANY.

WHAT entitles a trust company to the claim of being "successful"? The stockholder's mind will probably turn to the dividend record; and it is not uncommon to find success and large dividends used as quite synonymous terms. Then there is circulated every year a so-called "honor-roll" of trust companies,—a rather amusing compilation based on the theory that the company which shows the largest surplus in proportion to its capital is entitled to the first place on a "roll of honor":—

ignorant of or ignoring the fact that some surplus funds are paid in in new companies along with the capital, while others may represent long years of earnings reserved for surplus. There are not a few whose idea of successful trust companies may be expressed in terms of bigness of total assets—and liabilities—or in figures showing the rapidity with which deposits have increased.

But do any of these tests get at the real root of the matter? Do any, or all, of them necessarily prove the success of the company in a true sense? It may be granted that they have their value as indicators, but not as proofs. The real test of a trust company's success lies in the fidelity and intelligence with which it has safeguarded the funds entrusted to it,—the degree in which its managers have comprehended the sacredness of the trust assumed by them.

This is, to be sure, an ideal test; it can rarely be applied by the outside public, whose means of knowing the facts are limited or nil. It is, nevertheless, a test that may be practically applied by the officers and directors of any institution, and may well serve as an inspiration to those who have been faithful and have not been rewarded with large returns in the supposed outward signs of success; and it should serve as a deterrent to those who have worshipped too much at the shrine of false standards of success. Large earnings, growth of deposits, increase of customers, are indeed often the reward of faithful adherence to true standards; but sometimes they may be temporarily secured by departure from such standards. They are, therefore, uncertain measures of real success.

THE BIGGEST TRUST COMPANY.

THE expected consolidation of some of the trust companies controlled by J. P. Morgan has come to pass, though not in the exact form that had been predicted. During the first week of January, announcement was made of the consolidation of the Guaranty Trust Co., The Morton Trust Co. and the Fifth Ave. Trust Co., of New York City, the combined institutions to retain the name of The Guaranty Trust Company. This company, with total deposits at the start of over $131,000,000, easily takes rank as the largest trust company in the country, eclipsing the Farmers Loan & Trust Co., with deposits of $117,000,000, which previously had that distinction. As stated in these columns last month, the Morgan interests control a number of other trust companies, and speculation is rife as to how many more will ultimately be brought into formal union.

Incidentally this consolidation, together with others that are both possible and probable, is destined to have considerable influence in the settlement of the central bank question. One of the strongest objections made to the central bank plan concerns the possibility of its control by single interests. But here we have an object lesson, showing that such control of financial power, perhaps as great in some fields as would be the central bank, is not only possible but actually existent. This particular question then resolves itself into the query whether it is better to have the control exercised through a private corporation or through a central bank specially safeguarded in the interest of the public. One is led to wonder, too, whether the present moves have back of them any purpose of indirectly influencing public opinion in the matter.

NEW COUNTERFEIT $10 NATIONAL BANK NOTE.

ON the National Bank of Carlsbad, N. Mex., series of 1902; check letter "B"; J. W. Lyons, Register; Ellis H. Roberts, Treasurer; charter number 6884; bank number 82; treasury number A894249.

This counterfeit is a poorly executed photo-etched production printed on two pieces of paper and in the specimen at hand only one piece of silk thread appears. The note is so poor that a detailed description of it is deemed unnecessary, as it should not deceive even the ordinarily careful handler of money. The only specimen so far discovered came from Northern Texas.

JOHN E. WILKIE,
Chief.

CORRESPONDENCE FILING METHOD USED BY THE MERCANTILE TRUST COMPANY OF ST. LOUIS.

By John Ring, Jr.

A VERY important part of every business, and strange to say, with many concerns a very neglected part, is the filing of correspondence. Many banks and business houses seem to consider that after a letter has been answered its value ceases. It is filed in any method the particular stenographer handling it sees fit. This practice is usually continued until some occasion arises when a letter, or other data handled with the correspondence, is missing. Then the lax method in filing becomes evident and correction is made by calling in some one connected with the makers of filing devices, and an adequate method is installed.

A letter file is primarily to provide a means of filing letters so that they may be quickly and certainly found when wanted. Perfection is reached from a business standpoint when the method of indexing is direct, labor-saving and economical.

The small, flat letter file is quite generally used, notwithstanding the many splendid and adequate filing systems on the market. The small letter cases hold

Correspondence files. Mercantile Trust Co., St. Louis. (Capacity 720,000 letters.)

approximately 500 letters, and after each case is filled it is usually relegated to a window ledge or other place in the office. After a number of such cases accumulate they, in turn, are relegated to the store-room, basement, top of an old cabinet or other inaccessible places, to go to pieces from wear or by having miscellaneous old books piled upon them. In case of fire they add fuel to the flames. A lawsuit or other controversy then usually arises, in which the ill-treated correspondence becomes a much wished for factor.

The Vertical Unit.

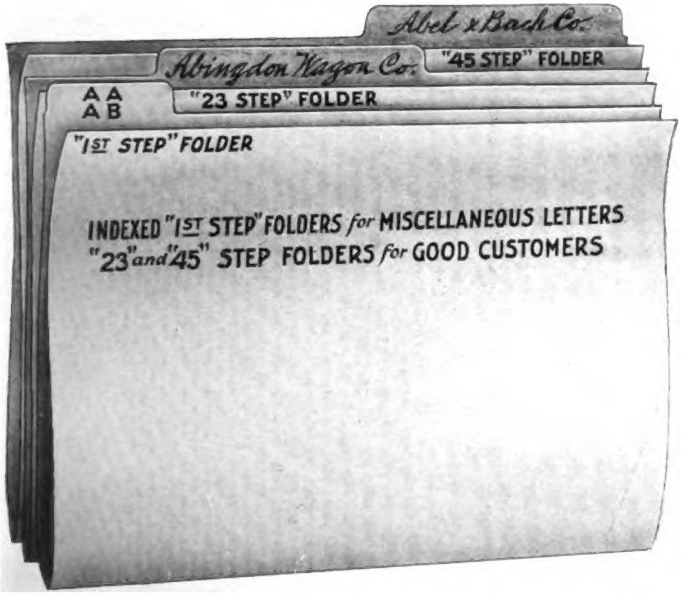
The modern four-drawer, vertical letter file will hold about 20,000 letters. This is equivalent to forty of the old style small letter cases. In other words, one drawer of a vertical file holds approximately 5,000 letters, or the equal of ten small cases. Instead, therefore, of having to look in ten places for letters, you have but the one in using the vertical filing system.

This is but one of the many advantages of vertical cabinets or units, as they are termed. Units come with detachable sides, thereby enabling you to add new cases alongside by simply removing one of the ends. The system being elastic, cabinets can be added in the center of the files or at either end, as desired.

Vertical files are made of both wood and metal, a majority of financial institutions, however, use the metal in all such equipment. The metal cases, while not strictly fireproof, have the great advantage that they will not feed a fire, something a wood case will do, even if placed in the highest type of fireproof vault, should a fire in some manner start within the vault.

Further, the metal case is practically dust proof and free from the invasions of vermin. These cases, too, are almost indestructible, if given any sort of care in handling.

It is now possible to secure cases finished so perfectly to resemble wood as to defy an expert. The grain of



CORRESPONDENCE FOLDERS.

The object of using tabbed folders is to more quickly locate the folder wanted. In alphabetical sets the indexing divisions are on "1st step" folders, and the "23 step" and "45 step" are used alternately for regular correspondents. When these come together in a filing compartment all are visible.

DRAWER SHOWING INDEX.

This index provides for all contingencies in letter filing, from the party who writes only once to the bank with whom correspondence is had every day. There are also folders (not visible in picture) between the guides into which the letters are filed. These folders are indexed with the same lettering as the guides. The special folders are also between the guides.

mahogany or of the various kinds of oak is wonderfully reproduced.

The Index.

While advocating the use of vertical filing cases, I most emphatically want it understood it is not the case that makes a good filing system, but the index within the cases. Like a watch, the works are the essential thing, not the case. The case is but the housing, a mere shell for the brains represented in the index within. A first class, adequate index would operate satisfactorily if placed in a soap box, but accessibility, capacity and other advantages of the vertical file, outlined above, would be lacking, hence a vertical metal file equipped with an index suitable for a bank or trust company will give results that will many times pay for the investment.

Now, as to that all important thing in a file, the index. The three general methods of filing are: alphabetical, that is, filing by name; geographical, by town and State; and numerical, by number. In some lines of business "sub-

ject" filing is also used. The most direct and simple method, however, is alphabetical filing, and for most institutions it is the best. In alphabetical filing, the name of the correspondent is the only thing considered in filing—and as every letter of itself indicates from whom it came, no labor is required to put it in order for filing—the simple act of turning to the proper ALPHABETICAL PLACE and depositing the letter is all that is demanded. In any properly arranged alphabetical system and with only one thing to think of—the name—the chance of misfiling is reduced to the lowest possible point. In geographical and numerical filing, other elements are introduced which tend to distract or divide attention, thus not only in theory, but in fact, greatly increasing the liability to make errors. No matter what kind of a file or filing system you use, any letter filed where it does not belong is practically lost. The problem is not, therefore, the finding of a filing system that precludes errors, for that is impossible, but to adopt the one which offers the least chance for errors and lost letters.

Trust company correspondence such as that of our company presents an apparently difficult problem, because there are seven departments in the company, and each has its own correspondence. The system we have installed provides that all departments of the company use a general file in a room for that purpose. The reason for this is to concentrate the correspondence into one place, to have but the one place to go for it, and thereby preclude all possibility of loss. This file consists of thirty-six, four-drawer, vertical units of steel construction. These 144 drawers have a capacity of 5,000 letters each, or a total of 720,000 pieces of correspondence.

The correspondence is gathered up each morning by the man in charge of the files, and is filed by him each day. He has a telephone, to respond to any calls from the officials for a particular letter or for an entire folder containing all the correspondence had with any particular bank or individual, but no correspondence is removed without his knowledge. When a letter is taken out of the file, a memoranda is made on the correspondence voucher, which is put in the folder in place of the letter or folder removed. This voucher stands above the guides, hence can be seen every time the drawer is opened. At stated periods, these vouchers are checked up and all outstanding letters are asked for from the party to whom they were sent. By means of this voucher it is possible to keep track of any correspondence after it has once reached the filing room. By referring to the illustration, the information contained on the voucher can be best appreciated.

There are some letters in which two subjects are mentioned; therefore, must be referred to different departments. For example, a man may write regarding the sale of a piece of property, and in the same letter refer to some matter pertaining to bonds purchased of the bond department. This letter would necessitate going to two distinct departments, but would finally go to the filing room, where it can be had for reference by any department.

There being so many banks of a similar name, for example, First Nationals, American Nationals, Third Nationals, etc., it was decided, after careful thought, to apply two methods of filing, namely, all bank correspondence be filed according to town, and all other correspondence filed under the name of the sender. There is no deviation from this rule. To illustrate how this filing is done, the correspondence of the Farmers' Bank of Springfield is filed in front of the guide "SPRINGFIELD." That of the First National Bank of Hannibal is filed before the guide "HANNI." In case of individuals, for example, Henry Moffit of Kansas City would be filed, not by the town, but according to his name, hence before the guide "MOF." This will serve to show how we utilize an alphabetical index to file both by towns and individually.

Folders.

There are as many alphabetically lettered folders provided in each

SCHEME OR METHOD
OF

Filing Correspondence from Banks & Trust Co's. BY TOWNS			Private Banks, Brokers, and Individuals ALPHABETICALLY		
NAME	CITY TOWN AND STATE	FILED	NAME	CITY, TOWN AND STATE	FILED
Am. Tr. & Sav Bank	Birmingham, Ala	Birm.	N. W. Halsey & Co.	N.Y.—Chicago, S.F. & C.	Halsey
Anglo-Austrian Bank	Vienna, Austria	Vienna.	Simon, Brockmire & Clifford	St. Louis, Mo	Simons
Bank of England	England, Ark.	Engla	Spencer Trask & Co	New York City, N.Y.	Tras.
Bank of Cherry Valley	Cherry Valley, Ark.	Cher.	A. A. Brown & Co.	" " " "	Brown
Columbia Trust Co.	New York City, N.Y.	New York	White & Kimble	" " " " "	White
Central Trust Co. of Amer	Chicago, Ill	Chicago	U.S. GOVERNMENT OFFICERS		
First Nat Bank	Raymond, Ill.	Raymond	Comptroller of the Currency		
Hattiesburg Tr. & Bkg Co.	Hattiesburg, Miss.	Hatt.	U.S. Post Offices		
Interstate Tr. & Bkg Co	New Orleans, La	New Orleans	U. S. Treasury & c. under United States		
			State Officers under respective State		
			County " " " County		
			City " " " City		
			School, Sewer and		
			Drainage Districts " " District		

Above method of filing is framed and hung over the filing cabinets.

drawer as there are guides, the lettering on the folder being exactly the same as on the guides. These folders are placed before the corresponding guide. All correspondence is spondent and is assigned a special folder. Any correspondence which is active; that is, of sufficient frequency, would be given a special folder, but there is no need of a special folder un-

FORM 52-500-8-07

CORRESPONDENCE VOUCHER.

Correspondence from A. D. Davidson Dated Jul 17th 08 Sent to Mr. McMillan Date Sept 2d 09	Correspondence from N. W. Halsey & Co. Dated June 11th 07 Sent to Mr. Powers Date Nov 23
Correspondence from King, White & Co. Dated March 5th 07 Sent to Schnettler Date Aug 17th	Correspondence from Dated Sent to Date
Correspondence from 2d Nat'l Bank New Albany Ind Dated Oct 3d 07 Sent to Mr. Wilson Date Nov 15th	Correspondence from Dated Sent to Date
Correspondence from Riggs Nat'l Bank Washington D C Dated March 2d 08 Sent to Mr. Wilson Date Oct 25th	Correspondence from Dated Sent to Date

The last memo. shows record of letter or folder removed from files.

alphabetically filed into these lettered folders, excepting those letters for which special folders are provided and on which the name of the sender is written on the projecting tab. Any correspondence which is at first filed in the lettered folder may later be removed, if the party develops into an active corre- less frequent letters are received, as otherwise the files will contain more manilla paper than correspondence.

With large cities, such as New York, Chicago and New Orleans, with whom we have daily communication, we give an entire drawer with an A to Z set of guides in each. This prevents crowding

and distributes the letters more evenly.

A correspondence sorter, a box with labels corresponding to the labels on the file drawers, is very useful at times. Should the file clerk be sick, on a vacation or absent for any other reasons, the correspondence can be filed in the sorter until his return. This insures ready reference to it and prevents the letters being put into the general file by an inexperienced person.

The transfer of correspondence should be made at the same time each year or every second year, preferably on January first. It is policy to get an outfit of sufficient size to hold several years' correspondence without transferring, thereby carrying out the idea of concentration.

Any new method of filing should be installed the first of the year. If begun later, it can still be started as of January first by gathering all correspondence since that period and filing up to date.

The filing clerk can also care for all registered receipts in card files for that purpose. In our filing room there are lockers for various old records, books, etc., coming from the offices of the president, vice-president, treasurer, auditor, and of department heads.

To sum the matter up briefly, letter files to operate in a satisfactory manner should have: (1) ample capacity, that is, for not less than a year's correspondence and allowing for a growth in business; (2) an index suitable for your requirements, and (3) have but one party do the filing. These three elements if properly put into effect will save much time and many annoyances quite prevalent under the old method of filing correspondence.

COLORADO LEADS IN GOLD PRODUCTION.

According to the analysis of the production of the gold mines in the United States recently published by the United States Geological Survey, Colorado is again accorded premier rank as the greatest gold-producing State in the Union. Its production for 1908 is estimated at $22,871,000, Alaska being second with $19,-858,800, and California third with $19,329,-700. The United States figures do not give the estimate for the various districts, but according to the figures of the bureau of mines of the State of Colorado, which gives a slightly lower figure for the entire State, the production of the Cripple Creek district for 1908 was $13,031,917, this being considerably below the total given by the mills and smelters in their monthly statements. With its regular production of this amount, Cripple Creek still maintains its reputation as the "world's greatest gold camp," with prospects for a greater advance upon the completion of the deep drainage tunnel and a more general adoption of methods for the treatment of the lower grade ores.

PECULIARITIES OF SOME OF THE BANK NOTES OF THE WORLD.

The only paper money that is accepted practically all over the globe is not "money" at all, but the notes of the Bank of England. These notes are simply printed in black ink on Irish linen, water-lined paper, plain white, with ragged edges. The notes of the Banque de France are made of white water-lined paper printed in black and white, with numerous mythological and allegorical pictures. They are in denominations of from 25 francs to 1000 francs.

Bank of England notes are of a somewhat unhandy size—five by eight inches. South American currency resembles the bills of the United States, except that cinnamon brown and slate blue are the prevailing colors. German currency is printed in green and black, the notes being in denominations of from five marks to 1000 marks. The 1000-mark bills are printed on silk fibre paper.

It takes an expert or a native to distinguish a Chinese bill from a laundry ticket, if the bill is of low denomination, or a fire-cracker label if for a large amount, the print being in red on white or yellow on red, with much gilt and gorgeous devices. Italian notes are of all sizes, shapes and colors. The smaller bills, five and ten lire, are printed on white paper in pink, blue and carmine inks.

The most striking paper currency in the world is the 100-ruble note of Russia, which is barred from top to bottom with all the colors of the rainbow, blended as when a sun ray passes through a prism.

The American practice of scattering strands of silk through the paper fibre as a protection against counterfeiting is unique. —*Harper's Weekly.*

INVESTMENTS

Conducted by Franklin Escher.

BOND MARKET OUTLOOK.

THE fourteen per cent. money rate which marked the opening days of January and subsequent money market firmness cast a damper on the bond market from which it has been slow to recover. Bond men expected—or rather hoped—that after the first of the year their clients would come in and buy bonds. Instead of that, most of the business done by the bond houses has been the answering of anxious inquiries as to how the price of bonds is going to be affected by the stiff money market and as to whether it might not be better to sell.

So far as the price of high grade bonds is concerned, two considerations are of dominating importance—the supply and price of money, and the extent to which the public becomes interested in the high-interest-bearing bonds now being so freely offered.

The Supply and Price of Money.

Will or will not the business of the country in 1910 absorb the country's surplus money supply?—that is a question the answer to which would go a long way toward determining how high-grade bonds are going to move in price. Is there capital enough in the country to provide for the needs of legitimate business and leave a surplus over, or will it take all the money there is in the country to finance the requirements of trade and commerce?

Involving as it does so many different considerations, the question is one which cannot be answered offhand by any man's yes or no. Much depends, for instance, upon the course of business. At the rate at which the country's business is being carried on now, the supply of money, probably, is adequate and no stringency need be feared. But suppose the improvement in trade in 1910 should go on as it went on in 1909. Would there then be enough money?

Assuredly not. Business, before the mid-winter lull set in, was going on at a rate fully equal to that reached in 1906 and the early part of 1907, when the available capital supply was all tied up and the sale of new securities was an exceedingly difficult problem. We are better off now than we were then, and more money is available, but expansion, too, has taken place in the meanwhile and it will take more money to run the country's business now than it took in 1906.

So that continued expansion in business from now on cannot be regarded other than as an influence unfavorable to that large class of bonds whose price depends primarily upon the money rate. Business conditions appreciably more active than at present, inevitably mean a range of money rates depressing to the price of high-grade bonds.

The Public and the "Specialties."

Aside from the money market, the other great consideration is the extent to which the public's accumulated savings go into the new high-interest-bearing bonds being offered on every hand, and the extent to which invest-

ments in the better grade of securities are liquidated in order to buy these new irrigation, coal, timber bonds and the like.

So striking has become the investment movement toward bonds bearing interest from five and one-half per cent. upward, during the past few months, that it is well worth while to look a little into its causes. Primarily, of course, the rise in the cost of living, which has driven thousands of investors into the position that they simply must have more income, is responsible. An extensive publicity campaign, on the other hand, designed to make the investor believe that the days of four per cent. are over and that he can get and ought to be getting five or six per cent. on his money, has also had much to do with the change in sentiment which has taken place. The spread of the "gospel of six per cent." has been a sort of corollary of the need for six per cent. by thousands of investors scattered all over the country and dependent on income. Four per cent. used to be enough, but in order to buy now what four per cent. used to buy ten years ago, six per cent. is needed. Under the stimulus of absolute necessity for more income, investors seem to be becoming convinced that just as commodity price conditions have changed, so interest conditions have changed also, and that six per cent. can now be had with little more risk than four per cent. could be had formerly.

Whatever the reason, the fact remains that millions upon millions of six per cent. bonds are being sold to investors at par, and that investments of long standing in three and one-half and four per cent. bonds are being largely switched over into bonds yielding a higher rate of interest. It is hardly possible to open a newspaper or magazine nowadays without coming upon advertisements of public utility bonds, irrigation bonds and the like, offered under exceedingly attractive conditions. Some of them represent enterprises of doubtful merit, but many of them, it must be admitted, are propositions in which the buyer, for the assumption of a risk really slight, is allowed a very liberal rate of interest.

Fortunately for the price of the lower-interest-bearing bonds, the class of people who are willing to buy the kind of securities mentioned above is limited, and no very general liquidation of existing investments is thus likely to take place. But even at that, if the movement into these six per cent. bonds makes much more headway, the selling of lower-interest-bearing securities is bound to remain a depressing influence on prices for some time to come.

INCREASED RAILROAD DIVIDENDS.

JUST before the close of last year dividends on the stocks of eight important railroads were raised and the list has been added to since then. But Wall Street by no means believes that the upward revision has been completed. Among the prominent issues traded in on the New York Stock Exchange there are at least four which are considered as having an excellent chance of higher dividends. There will be many who will be greatly surprised if the year closes without an increased distribution having been made to shareholders of Chesapeake & Ohio, Southern Pacific, Pennsylvania and Atchison. Southern Railway preferred and Missouri Pacific, too, stand a good chance of dividends resumed.

Chesapeake's Chances.

Of the various roads named above, Chesapeake & Ohio has probably as good a chance as any. Put on a four per cent. basis early last year after its acquisition by Edwin Hawley, the road has since made a remarkable earnings record. For the fiscal year 1909, surplus available for dividends amounted to 6.39 per cent. on the stock—for the first half of the current year the percentage is nearer 10 per cent. Due largely to the boom in the soft-coal industry, Chesapeake is enjoying a remarkable period of prosperity; in the way in which its big volume of traffic is being handled the road shows very plainly the good effects of the money so liberally spent on betterments during the past three or four years.

Out of the ten per cent. now being earned, Chesapeake & Ohio could easily enough raise its present four per cent. rate to five per cent. But not on present earnings alone does that question depend. Through the purchase of the Missouri, Kansas & Texas and the St. Louis & San Francisco by the Hawley people, Chesapeake has acquired an entirely new strategic position—a position which suggests earnings for the road on a scale larger than ever yet thought of. As the connecting line between the great Hawley properties of the Middle West and the Atlantic seaboard, Chesapeake should be in an excellent position to profit enormously from west-bound and east-bound through traffic.

Connection between Mr. Hawley's properties may be rather loose—that is an inevitable result of the rapidity with which the system has been brought into existence. So far the work has been rather the bold plotting out of the system; from now on more attention is to be given to detail and the various units are to be knitted and welded together in such a way as to secure the most economical handling of through business. Connection between the western terminus of the Chesapeake at Cincinnati and Chicago will be the very first point taken up. That having been satisfactorily arranged, an immense amount of business will naturally find its way over the Chesapeake's well-kept lines. Earn-

ings fully warranting a five per cent. dividend are confidently expected. And Edwin Hawley is not the kind of a man to hold back where dividends are being earned.

As to Southern Pacific.

If a seven per cent. dividend on Southern Pacific depended on earnings alone, it could be said without hesitation that that rate would be declared at the next meeting; the road's earnings are such as would fully warrant the payment of that amount. But the question is not one of earnings alone. Southern Pacific has undertaken vast extension projects in northern Mexico and is in the midst of them at present. Furthermore, there is the competition of the new Western Pacific—the road which parallels Southern Pacific from Great Salt Lake to the Coast—to be considered. Both of these are considerations to which due weight will have to be given.

Southern Pacific in the fiscal year 1909 earned 10.61 per cent. on the stock, and since the end of the 1909 fiscal year has been earning well up towards thirteen per cent. So far, at least, Western Pacific's competition has proved a negligible factor. But Western Pacific, it must be borne in mind, has only just recently been opened for traffic, and not enough time has gone by for the road to make affiliations and get the share of the through business it will get later on. Will Western Pacific cut heavily into the business Southern Pacific is now handling between Salt Lake City and San Francisco? That remains to be seen. In the meantime action on the dividend, however present earnings might warrant an increase, is apt to be deferred.

The Dividend on Atchison.

With Atchison the question is more largely one of actual earnings than with either of the other roads mentioned. Atchison is engaged in no large extension work, is in no danger of new competition. Along the lines of the road the past year has been one of great prosperity. The road is well provided with working capital, and liberal expenditures for betterments have brought the property up to a high state of efficiency. If earnings warrant a seven per cent. dividend there is no reason why that amount should not be paid.

It is necessary to go back five years to find Atchison earning an available dividend surplus of less than six per cent. on the common. In 1905 the percentage was 5.92. The next year it jumped to 11.58 per cent., and in 1907 it rose further to 15.04 per cent.; 1908 saw a recession to 7.74 per cent., which was increased in 1909 to 10.48 per cent. For the first four months of the current fiscal year earnings available for common stock dividends were at an annual rate of 16.08 per cent.

Considering the large amounts appropriated for the reserve fund in three out of the past four years, the earnings given above betoken an earning power fully warranting the payment of seven per cent. in times like these. For the traffic outlook in the territory served by the Atchison is exceedingly bright. Aside from the rapid development of the mineral resources of the Southwest, the planting of an unheard-of acreage with corn and particularly cotton means that with good weather this season will be by far the greatest crops ever raised. Unless the crops fail, Atchison is assured of the biggest tonnage in its history, during the current year.

President Ripley's well-known con-

servatism is the only thing which may stand between the Atchison shareholders and seven per cent.

Pennsylvania on a Seven Per Cent. Basis?

Were the completion of the Pennsylvania tunnels near at hand instead of four or five months away, the question as to whether Pennsylvania's dividend is to be put back to seven per cent. could only be answered in the affirmative. But unfortunately, while the time of productivity of all the millions tied up in the terminals is coming nearer and nearer, it is not here yet, and a higher dividend declared now would have to be paid on a lot of capital which has as yet contributed nothing toward earning the wherewithal. As a result of the business revival and particularly of the boom in the steel trade, Pennsylvania's earnings have risen to a point warranting the resumption of the seven per cent. rate on its whole capital stock outstanding, but whether the directors will use any of this money to pay a higher rate on that part of the capital representing the still unproductive New York terminal projects remains to be seen.

With the opening up of the New York terminal, however, all that will be changed. Proof that the terminal is a success and that the capital invested therein can at least carry itself will be the signal for the declaration of a dividend of at least seven per cent. on the stock.

Editor "Investments."

Dear Sir: Up in the Butte district it costs ten or eleven cents a pound to produce copper. Down in Utah they can take the metal out of the mines for seven or eight cents. New mines, new methods, new processes—a lessened cost of production. Why then should not copper metal sell lower than it used to?

But it won't if the leading copper interests' consolidation plans go through. Left to itself and in spite of an enormous consumptive demand the price of copper has pursued a course most unsatisfactory —to everyone but the one man who counts, the consumer. Price of everything else has gone up, but not copper.

Therefore, for the sake of uniformity if for the sake of nothing else, let us see to it that the price of copper is advanced. Let us, if necessary, form a combination of producers, cut down output, boost prices. That the operation of economic law for once favors the consumer and gives him a chance to buy one commodity relatively cheap counts for nothing at all. We have our money all tied up in copper mines —let us get together on this proposition of output and prices. The consumer seems to be able to pay a high price for everything else; let him pay a high price for copper.

Yours truly,

C. V. C.

STRATEGIC VALUE.

By H. C. G. Barnaby, of Lathrop, Haskins & Co.

STATISTICIANS are notoriously incorrect in their judgments of the value of railroad securities. This statement is not intended to belittle the importance of studying returns nor to impeach the integrity and clearness of railroad reports. But the men who buy up railroads have less eye for past performances than for future possibilities. The average investor, it is true, is safest in placing reliance in figures of condition and of income, for a careful analy-

sis of intrinsic values will not mislead an investor into an investment of questionable worth. As a matter of fact, every investor who would place his funds at interest with safety must have an intelligent idea of values and of earnings.

When, however, a Harriman wants a Central Pacific to develop his Union Pacific system, to complete to the Pacific a line tied up in a Utah desert with no outlet for its Middle Western mileage, he may reflect on what Central Pacific is earning and on what it is worth, but his action will be based on the strategic value of the road, on where it runs and what its mileage means to his system, regardless of what the desired road has hitherto earned.

Southern Pacific, Lehigh Valley, Wabash.

Convincing proof of this truth is found in the history of the purchase of the Southern Pacific. That company had no record but poverty and no assets better than rusty rails. But it owned the Central Pacific. If the Union Pacific were to get to the coast, the cheapest way was to secure the Central Pacific, regardless of its earnings or its records. And Southern Pacific's earnings were still less a consideration. Strategic importance was the controlling factor in the rise in Southern Pacific stock in 1901, when Union Pacific bought $75,000,000 of the stock and thus secured control of the Central Pacific and a western outlet for its penned-up mileage.

The unmaking of big systems, which marked the late months of 1909, is strangely in line with considerations of strategic value. For the separations, based on interpretations of the interstate commerce law, have minimized the importance of owning competing lines and have emphasized the value of connections that "get somewhere." In a sense it seems that the laws of the country have been framed and are being framed to point out the line of greatest value and to hinder amalgamations not directed along that line. Recentlv the Lehigh Valley stock own-d by Delaware Lackawanna & Western has been sold, just as were previously sold Erie's and also Reading's holdings of the same stock. Considerations of law were mentioned to account for the sale. Strategic importance is the explanation of the stocks' lodgment in the hands of Rock Island interests. The regulation of competition was the obiect of its previous owners. Development of through traffic is the new goal of its latest management.

In considering the country's railroad values the point of interest now is the map. Speculation in Wabash securities, for instance, regards not the fact that no surplus was shown in 1908-1909. Wabash connects with the Chicago, Rock Island & Pacific at Omaha, at Kansas City and at St. Louis and also at Chicago. From these points the Wabash mileage reaches eastward to Detroit and Toledo and makes Buffalo by leased Grand Trunk trackage. At Buffalo the Lehigh Valley is met and from the Atlantic seaboard to Chicago these two roads form one straight line of non-parallel and non-competing mileage.

Progress in Straight Lines.

Progress in straight lines is the tendency of the present in the railroad world. Chicago, Burlington & Quincy had nine thousand miles of railroad, interlacing and gridironing the Middle West between Chicago and Denver, but all of it north of Denver. Then the Burlington bought the Colorado &

Southern, adding nearly 2,400 miles of road running due southeast to the Gulf. Chicago, Milwaukee & St. Paul spent a hundred millions to get from Evarts to the Pacific. Hawley bought the Chesapeake & Ohio and rumor gives it added worth by linking it with a western outlet that will make it a trunk line.

Community of interest was the financial battle cry of 1901. The Pennsylvania Railroad started the scheme of buying competitive lines, to control the rate situation which caused so many receiverships in the previous decade. Harmony, gentlemen's agreements, community of interest, caused the railroad deals of 1901 and 1902. Reduced necessity for controlling rates, due to the rate laws that have made discrimination impossible, is breaking up many of the combinations of eight years ago. The funds so wastefully, yet so needfully employed to control rate wars are available for straightaway development. That is why the country may look forward hopefully to the railroad prospects of the future. To-day's operations are aggressive. Former deals were of necessity defensive. Then we spent huge sums for nothing save to stop ruinous rate cutting and to save what we had. Now lines are developing to make the long haul shorter, easier and cheaper and to serve the country's expanding traffic in a way that will speed and not impede the growth of business.

Strategic value means not only geographical location but potential earning power which proper combinations can develop into later intrinsic results. The investor is always looking backward. To take advantage of the change from potentiality to reality the speculator must look ahead.

A LONG RANGE VIEW.

IN a long-range view of the bond market for 1910, as interesting as authoritative, Messrs. Fisk & Robinson touch upon several of the questions now occupying the attention of investors all over the country. Of all the factors affecting the outlook, it will be noted, the available supply and price of money are given as the most important. In this connection the statement that "it is not certain that the money requirements of business during 1910 will be as large as now indicated" will furnish the ground for a good deal of sober thought. Messrs. Fisk & Robinson's opinions are as follows:

Next to its banking power nothing more vitally concerns our business world than the investing capacity of the nation. Ability to market securities practically determines the degree and rate of our material development. In addition to the usual bank accommodation provision must be made each year, largely by means of long term forms of indebtedness, for the construction and improvement of transportation lines, the establishment and extension of industries, the conversion of arid areas into fertile fields, and for public improvements. The magnitude of this task will be better appreciated when it is recalled

that for several years past such requirements have ranged from one to two billion dollars annually. Such huge figures would produce a feeling of utter hopelessness were they not accompanied by equally large powers of distributing securities through the agency of insurance companies, fiduciary and other institutions, estates and individual investors, and did not the contributions to our wealth from agriculture, manufacture and mining make available for investment vast sums which annually grow greater.

Abstract statements, however, concerning the demands on and growth of our investing power will be less interesting to the prospective bond buyer than concrete views, sustained by facts, as to the immediate future of the investment market. It must be admitted frankly at the outset that radically changed conditions make the forecasting of the new year bond market far more difficult than it was twelve months ago. Excellent bond markets follow periods of depression, but as business resumes normal proportions more tempting income from money is offered through the channels of trade and industry and there is a disinclination to seek safer but less profitable investment in bonds. This latter phase we have now reached. If we had the thrift of France and similar banking and currency facilities, thereby insuring that uniformity of interest rate which has made her financially the most mobile of nations, there might be adequate funds both for business and investment, but unfortunately we possess neither, hence adjustment must always be going on between the two.

Of the factors affecting the situation, the most potent is the available supply and price of money. Clearing house operations of 1909 were the largest in our history, and this fact, taken in connection with the relation of loans to deposits, including our European obligations, seems to indicate that we shall enter the new year with that increasing demand for money or bank accommodation which accompanies a continuing expansion of business. But it must not therefore be taken for granted that the present sluggishness of the investment market will continue. There are other factors to be considered. In the first place, it is not certain that the money requirements of business during 1910 will be as large as are now indicated. The demand for money from the West for the past five months has barely kept pace with that of the same period in 1908, when banks were burdened with deposits, while the usual flow of funds from the interior to the East set in earlier than last year.

So far as foreign demands on us are concerned, they may not assume undue importance, as it may be possible to meet them wholly, or at least reduce them to small proportions by excess of exports over imports of approximately $270,000,000, by shipments abroad of more than $90,000,000 of gold and silver, by purchase of our securities and by renewal of loans.

Other factors which may curtail the demand for money for business enterprises are the prevailing unrest on the part of labor and the uncertainty which still exists as to the Government's attitude toward corporation—both tending to discourage initiative.

There are strong influences at work which directly encourage investment. Each year sees continued expansion in our banking power and an increase of three-quarters of a billion dollars in bank deposits. This growth has developed a necessity for investment in larger amounts than can be supplied by commercial paper, thereby increasing the demand for securities.

The bond issues of 1909, though large, did not reach the proportions of the immediately preceding years, and there is not much inclination to engage in new undertakings.

Stocks are selling at prices which give them but little, if any, advantage in yield over that of bonds of assured safety and ready sale.

Knowledge on the part of the public as to what constitutes safe and sound investing has greatly increased, and recruits are being added continually to the already large army of small investors. This is illustrated by the wide distribution of the securities of meritorious corporations. Not only is this true, but the requirements as to uniformity of accounting and publicity in connection therewith have given confidence in and stability to investment to an extent not previously enjoyed. The best thing that could happen to all interstate corporations would be the enactment into law of a well considered and carefully drawn statute which would take the place of the present interstate commerce law, anti-trust law and corporation law, eliminating the crudities of each, and, at the same time, placing the vast interstate enterprises of the country on a rational and clearly defined basis, due regard being paid to the rights, obligations and general welfare of all the interests involved. The character and magnitude of these interests, involving as they do hundreds of thousands of security holders, entitle them to something better than sporadic and patch-work legislation.

The truth is the investment field is ever widening and there must be taken into account also the fact that bonds themselves possess no little power of accommodation to changed conditions. At the present time bonds are being offered on a basis which insures their more successful competition with the business demand for money. The various groups, based on yield and safety, have rarely been offered under normal conditions at more tempting prices than now prevail, issuers of bonds realizing that investors seek a higher return to offset the increased cost of living resulting from the advance in commodity prices.

It is apparent from the foregoing that while boom conditions in the bond market can not reasonably be expected, the probability is that the new year will see a substantial demand for a variety of bonds ranging from the gilt-edged to the semi-speculative class, provided they continue to be offered on a basis which will enable them to compete in yield with the rate prevailing for money for other purposes.

PASSING OF THE "UNLISTED" DEPARTMENT.

THE "unlisted" department on the New York Stock Exchange is responsible for a good deal of feeling against Wall Street throughout the country, and its coming abolition will be a good thing for everybody con-

cerned. The term "unlisted," meaning, as it does, the department in which corporations do not have to make full statements of condition, has always been a misnomer and caused much misunderstanding.

The Stock Exchange is becoming more and more a public institution, and the public, which supports it and makes it possible, is certainly entitled to the fullest possible information concerning the properties in which it makes a market. Sentiment to that effect has been becoming steadily stronger during the past few years, so that one by one the big companies have had their stocks taken out of this unlisted department. Within a few months the department is to be abolished entirely.

POPULAR BONDS—V.*

SOUTHERN PACIFIC CONVERTIBLE 4s.

OF all the bonds traded in on the New York Stock Exchange last year the Southern Pacific Convertibles were far and away the most active—were the only issue, in fact, in which the aggregate of the year's trading ran into six figures. With the Union Pacific convertibles up around 115 and both the Atchison issues even higher, attention has naturally converged on the Southern Pacific bonds. Analysis of the issue and of the market value of the bonds seems fully to justify their remarkable popularity.

By the intelligent investor bonds of the class of these Southern Pacific convertibles are measured by a double standard—first, with regard to their standing as a bond investment pure and simple, and, second, with regard to their chance of price-enhancement by reason of their convertibility into stock.

As a Bond Investment.

As a straight bond investment the Southern Pacific 4 per cent. convertibles, at 105, come into competition with the first mortgage bonds of most of the country's leading railroads and do not shine by the comparison. So far as income is concerned, no one familiar with investments will claim that the bonds in question can in any way compare with the big class of railroad first mortgage 4s, which sell at par or only a point or two above. Bought at 105 and held to maturity, they net the purchaser only 3.63 per cent. Their popularity, obviously, depends upon something else than the income they yield.

At the same time, and while admitting the investment superiority of such bonds as the Pennsylvania, Union Pacific, or Atchison first mortgage 4s, it would not be right to pass lightly over the investment soundness of the bonds in question. The fact that there are better-secured bonds to be had does not by any means prove that these Southern Pacific convertibles are not themselves well enough secured to satisfy the demands of the exacting investor.

The Road's Earning Power.

Organized in 1884, Southern Pacific has a record of 26 years of continuous payment of fixed charges, the last ten

*The other bonds described in this series, beginning with October, have been: Southern Railway fours, Armour & Co. four and one-halfs, Denver & Rio Grande fives, Chesapeake & Ohio fives.

years being marked by the development of an earning power second to that of very few railroads in the country. Since the taking over of the property by the Union Pacific, in fact, progress has been little less than phenomenal. In 1904 surplus earnings amounted to $8,878,000. In 1909 they had risen to $26,880,000. And during that time the fixed charges of the road were actually decreased by over a million dollars.

To set forth graphically Southern Pacific's earnings record for the past few years is to show plainly the strong position of all its bonds. Earnings for six years back have been as follows:

Year ending June 30	Gross receipts	Net earnings	Net + other income	Fixed and other charges	Surplus
1909...........	$120,521,909	$40,937,534	$46,209,882	$19,330,480	$26,879,402
1908...........	123,276,921	34,663,729	38,673,209	18,779,736	19,893,473
1907...........	126,194,360	43,023,527	47,318,111	19,619,518	27,698,593
1906...........	105,632,550	35,047,361	38,372,032	19,179,385	19,192,647
1905...........	95,515,158	28,921,538	31,546,961	19,114,988	12,431,973
1904...........	92,933,231	26,708,526	29,298,287	20,419,804	8,878,483

earned, its present rate of earnings, and above all the way in which its bonded debt has been held down, it will be seen how ample is the security behind its bonds of all classes.

The Chance of Appreciation.

But good as the Southern Pacific convertible bonds are *as* bonds, it is, of course, because of their speculative possibilities that they enjoy the popularity they do. Convertible into stock at the rate of $130 par value in bonds for one share of stock, the bonds constitute practically a call on the stock at 130. The

To come down to the present, earnings on the common stock during the first four months of the fiscal year, 1910, have amounted to 5.06 per cent., a rate which if kept up would mean 15.18 per cent. for the year. Even allowing that traffic in the year's second half runs considerably lighter, it is altogether reasonable to expect that Southern Pacific common will earn between twelve and thirteen per cent. in 1910.

Such earnings suggest strongly the equity behind the bonds. Considering the road's long record of fixed charges

stock at that price and the bonds at 100 are on a parity. For every one and three-tenths points the stock rises above 130, there will be a corresponding rise of one point in the bonds. While not getting the full benefit of a rise in the stock, the bonds will participate to the extent of ten-thirteenths. To put it differently, a rise of thirteen points in the stock would carry the bonds up ten points. Expressed in the nearest eighths, the conversion equivalents are as follows:

Bonds at	Yield of bonds	Call on stock at
98	4.15%	127⅜
98½	4.11%	128
99	4.07%	128¾
99½	4.03%	129⅜
100	4.00%	130
100½	3.96%	130⅝
101	3.92%	131¼
101½	3.89%	131⅞
102	3.85%	132½
102½	3.82%	133⅛
103	3.78%	133⅞
103½	3.74%	134½
104	3.70%	135¼
104½	3.67%	135⅞
105	3.63%	136½
105½	3.60%	137⅛
106	3.57%	137⅞
106½	3.54%	138½

Considered in the light of a call on the stock at the prices given above, the speculative chances of the bonds, on the up side, it will readily appear, are identical with those of the stock. As for the effect on the bonds of a downward movement in the stock, the bonds, it must be remembered, are bonds after all, and not very far below par should find a level entirely independent of what may happen in the stock.

The chances of decided appreciation in the bonds in question being so closely allied with the fortunes of the common stock, the main influences bearing upon the latter security are well worth the careful investor's consideration. So far as their effect on the price of the stock is concerned, the most important of these influences are, first, the question of how much more of the stock Union Pacific is going to buy and, secondly, as to when the dividend is to be raised to seven per cent.

Union Pacific owns about forty-five per cent. of the total amount of Southern Pacific stock outstanding, enough to give it an absolutely controlling voice in the management of the property, but not enough to constitute actual ownership in these days, when the holding of the stocks of one road by another is being made the subject of so much legal discussion and scrutiny. But being so nearly the actual owner of Southern Pacific, Union Pacific may very possibly acquire the additional shares necessary to bring its holdings up over the fifty per cent. mark, thus putting itself in a safe position, whatever legislation may be enacted at Washington. For however Congress may eventually act upon President Taft's message, one thing may be regarded as certain—when one railroad actually owns the majority of the stock of a non-competing line at the time the legislation is passed, such ownership will not be disturbed.

Dividend Possibilities.

Southern Pacific, at the time of writing, pays six per cent., with very strong possibilities of an increase in the rate in the immediate future. Reference to the foregoing table of earnings shows plainly the wonderful progress made during the past few years. Especially is there to be noted the stability of earnings—in 1908, for instance, a time when a good many roads had all they could do to meet fixed charges, Southern Pacific earned nearly seven and one-half per cent. on the common. Last year, earnings available for sommon stock dividends reached 10.61 per cent., and for the first four months of the present fiscal year earnings on the common have been at a rate of over fifteen per cent. for year. With such a record and with the outlook bright as it is, higher dividends are being confidently counted upon by a good many people.

As a seven per cent. stock, Southern Pacific would be entitled to sell up above 150, as do St. Paul, Louisville & Nashville, and other securities of that class. Fully as much money has been put back into the property during the past five years and the physical condition of the

lines is excellent. Once established upon a seven per cent. basis, there is no reason in sight why that rate should not be maintained, and, if earnings go on growing as they have increased since 1904, be even further increased.

The Element of Risk.

In view of the strong position of the bonds *as* bonds, the only risk in buying them above par is that adverse conditions might develop in the stock, and the bonds thus be left to seek their own level—which might be some points below par. Considering the chances on the other side, however, and the fact that such a condition would be but temporary, the risk taken cannot be regarded as very serious. Southern Pacific convertibles are not the kind of bonds in which trust moneys or widows' and orphans' funds should be invested, but at present prices constitute a most attractive business man's investment.

THE PREMIUM ON BONDS.

INVESTORS in this country are proverbially less well informed concerning the underlying principles of investment than they are in the older countries, where the investing of money is looked upon and treated as a science. But we are learning, and learning rapidly; signs of that are to be seen all the time. One of them is the distinctly better understanding among investors of the principles of amortization—the making of a provision to extinguish the premium on bonds selling over par, as they approach their maturity. A few years ago that word, amortization, was rarely heard outside the savings banks. It is in common use now among investors. They know what it means, and they know about the provision which has to be made to take care of the premium on bonds selling above par, which premium evanesces into thin air as the bond approaches maturity. Take, for instance, a five per cent. bond, bought at 105 and running for five years. That means an initial cost of $1,050. At the end of five years the bond becomes due and payable *at par,* and the holder cashes it in for $1,000—fifty dollars less than he paid for it. If in the meantime he has spent the whole $250 he received from coupons and has failed to lay aside anything for the extinction of the premium, he is just fifty dollars worse off than when he began. Repeated often enough, it can plainly be seen what such an operation would do to the principal.

THE NEW CHICAGO GREAT WESTERN RAILROAD CO.

By Gardiner S. Dresser, of John Muir & Co.,

THE hardening of prices which followed the listing of the new securities of the Chicago Great Western Railroad Company on the New York Stock Exchange called forth from several quarters adverse comment. Evidently, the critics have not forgotten the system's old notoriety; quite as evidently, they have allowed this prejudice to blind them to the entire change which has come over the affairs of this property with the late reorganization.

Until its downfall, the Great Western was the rate cutter of the middle west. The purpose of this policy was to obtain recognition from its powerful com-

petitors, either through a guarantee of a certain amount of business which they could turn over to the Great Western, or through a purchase of the system by one of its rivals. The road was openly on sale for years. At one time an offer was made of $30 a share for the common stock, but it was rejected. The price asked was considered too high. The other roads preferred to let it cut its own throat, which, handicapped by lack of capital and with constantly deteriorating facilities, it proceeded to do. In January, 1908, the Chicago Great Western Railway passed into receivers' hands.

Curiously enough, what the old management sought to accomplish, on quite different terms it's true, has come about through the reorganization. The control of the road has changed. The Morgans now govern its policy through a voting trust. Whether this control will remain intact, whether it will be assumed by different systems which can advantageously use its lines, or whether it will be turned over wholly to the Northern Pacific, the result is practically the same. The new Morgan influence is friendly to the neighboring roads. It will not cut rates, either in competition or for coercion, because the necessity no longer exists, and a change in attitude will be directly beneficial. The independent earning capacity of the road will be enlarged; besides, its business will be increased by traffic diverted to the Great Western by its competitors, reciprocating for the maintenance of rates, and by its connecting lines, through community of interest other roads instead of branch lines will be its feeders. So far from being a rate disturber, it has every prospect of becoming a freight distributor.

The Morgan house took up the Chicago Great Western when, in the course of the reorganization plans, the conflicting interests found they could not reach an agreement. The terms were, of course, very favorable to the underwriters; but none of the old or new stockholders needs regret the bargain which made possible a thorough rehabilitation. The new system began on rock bottom. The capital was scaled down; $10,000,000 was raised in assessments; $18,500,000 bonds were issued; and arrangements were made for securing funds by subsequent bond sales. Thus, the Great Western has successfully financed its requirements in terminal facilities, roadbed and equipment.

The road never had much difficulty in reporting satisfactory gross earnings. As a trunk line between important cities, traversing a well populated section, it has shown gross earnings per mile averaging higher than the Chicago & Northwestern, the Chicago, Burlington & Quincy, and the Chicago, Milwaukee & St. Paul, which, of course, extend into more thinly settled agricultural territory. Its weakness lay in the net income, as a consequence of high operating costs. This is where the new regime will show the best results. The enlarged business which the Morgan influence promises can now be handled economically, for working capital is on hand and improvements to right of way and rolling stock have been started. In October, the ratio of operating expenses to gross was 64 per cent. as against 76 per cent. in October, 1908, and the November earnings showed an increase in gross of over 15 per cent. and an increase in net of over 150 per cent! The new president, Mr. S. M. Felton, late of the Chicago & Alton, is maintaining

his reputation as a builder up of properties.

These early results make it reasonable to expect that upon the completion of the proposed expenditures, the Chicago Great Western will report net earnings at least equalling the prediction of $4,300,000, made by Mr. H. G. Burt, formerly president of the Union Pacific, after his investigation in behalf of the reorganization managers. Many a student of values is convinced that a dividend will, in the not distant future, be declared on the preferred stock. It is entitled to 4 per cent., and this rate becomes cumulative after June 30, 1914.

The new securities are now selling far below a parity with the prices which the old stock reached in 1906. Then, the outlook was anything but bright; now, the outlook is most encouraging. The probability of profit is evident to present purchasers who figure that even at 85 for the new preferred and 55 for the new common, these prices would still be below a parity with the high record of the old stocks.

THE INVESTOR AND THE COST OF LIVING.

By A. Franklin.

THE average investor knows little and cares less about the elaborately compiled "index number of commodity prices," published each month by the mercantile agencies, but he does know that the price of everything he has to buy is constantly going up. If he happens to be one of the large class of people who go through life ruled by circumstances, he will grumble at the size of his increasing bills, talk bitterly, perhaps, about the evils of "protection" and the "trusts"—and let it go at that. If he is a man accustomed to trying to make circumstances serve *him,* instead of being always ruled by them, he will spend less time grumbling about what he cannot prevent than in trying to think out some way in which he can turn some of the water on his own mill. Prices are going up, he figures; somebody is getting the benefit—why shouldn't it be I? My money is out working for me—is it placed where it will get the benefit of the rise which is going on?

"Index Numbers."

About that time the "index numbers," showing how commodity prices fluctuate, become a subject of interest to him, and he finds that there is nothing complicated or abstruse about them at all—that they represent nothing more than the average price of about a hundred of the necessities of life, the same hundred being used each month in order to make comparison possible. The start of such a compilation is, of course, entirely arbitrary, depending upon the articles picked out and upon the method by which their price is reduced to a common figure. That, however, has nothing to do with what an "index number" is

primarily useful for—purposes of comparison. As long as the articles used and the method of making up the index number remain the same, one index number is as good as another for recording the month-to-month change in the level of prices.

A glance at the record of index numbers shows the great rise in prices which has taken place in the past ten years, which is about as far back as it serves any practical purpose to go, fluctuations before that time being highly erratic and caused by influences not now operative. Since the beginning of the decade, then, the time which marks the beginning of the present era of American industry and finance, commodity prices, as shown by Bradstreet's index number, have risen approximately thirty per cent. Translated into the very plainest kind of English, that means that we are paying a third more for just about everything we buy than we paid ten years ago.

Various causes—chief among them the increased production of gold—are declared by economists to be responsible for the rise in commodity prices, but from the standpoint of the investor, effects rather than causes are what is important. For there is a definite point of contact between commodities and securities, and when commodities rise over a series of years, as they have been rising, securities are bound to be affected. Some securities more than others—some favorably, some unfavorably.

Effect on Stocks.

Considering first the influence of rising commodity prices on stocks, it appears that different stocks again are differently affected, and that this kind of security must be re-divided into at least three classes. Stocks of companies possessing large natural resources, coal, timber, ore, etc., comprise the first class; stocks of companies the nature of whose business is such that, unhampered by legislative restriction or interference they can charge whatever they wish for their products, make up the second class; thirdly, there are the stocks of companies which by law or usage can charge only so-and-so much for what they have to sell, regardless of what it costs them to produce it.

How the securities of companies of this first class, having large natural resources, are benefited by a general rise in commodity prices is obvious. Take for instance the case of a mine or a railroad with large coal holdings like Reading, or a manufacturing company owning big deposits of raw material like the U. S. Steel Corporation—that the shares of such companies become intrinsically more valuable the higher commodity prices go, is plain enough. Unearned increment or whatever else economists choose to call it, the fact remains that the smallest rise in the value of iron ore means added intrinsic value to every share of U. S. Steel stock. Reading stock, for instance, sells where it does not only because of the company's large holdings of coal lands but because it is realized that this three billion tons of

unmined coal is becoming more and more valuable all the time. The same thing is true with Canadian Pacific on account of its ownership of lands—and with dozens of other important corporations which might be mentioned. In some cases a price already apparently unreasonably high shows that investors are beginning to appreciate the possibilities of the stocks of those companies having large natural resources, but there exist, still, innumerable opportunities for profitable investment of this sort. What the investor is really doing is to buy an equity in the ore deposits or coal lands or timber tracts or whatever the natural resources in question happen to be. The man who has invested thus wisely, say, in stock with an equity in coal lands, can afford to smile when his dealer tells him that the price of coal has been advanced again.

Unaffected one way or the other by rising commodity prices are the stocks of those companies which manufacture raw material and are at liberty to sell their product at any price they choose. Profits are purely relative. A cotton mill, for instance, pays twelve cents for cotton where it used to pay ten—the price of the finished product is simply advanced twenty per cent. and the profit in manufacturing remains the same as before. Unless, of course, that mill is competing with some other mill that grows its own cotton, or if the case is of a steel mill, unless it is competing with a mill that has its own ore supply.

Most affected by rising commodity prices are the stocks of corporations the price of whose output is apt to be limited by law. Whether this output consists of street-car transportation or of some definite product makes no difference whatever. It costs a railroad, say, so-and-so much to transport a passenger a given distance or it costs a gas company a fixed sum to produce a thousand cubic feet of gas. Suppose now that wages, which are the chief expense in producing transportation, rise, or suppose that there is an advance in the materials used in manufacturing the gas. Obviously, the fair thing would be to charge more for carrying the passenger the given distance, and to raise the price of gas per thousand feet. But is this possible? The Reading company can charge for coal what it sees fit and is able to get, but can a street car line which finds it is not making money announce that it is going to charge six or seven cents for a ride instead of a nickel?

There is no getting away from the fact that where the question is of investing money in the stocks of companies the price of whose output is limited by law, this matter of rising commodity prices must be given serious consideration. By no means, however, does it follow that the stocks of all street car lines are poor investments. The country is full of traction companies, reasonably capitalized, and able to earn excellent dividends from carrying passengers at the regular rate of five cents. Where the trouble comes is in the case of over-capitalized companies, just about able to struggle along on the basis of five cents per passenger. Materials and wages rise, even though it be ever so slightly, and the narrow margin of safety is wiped out, the company being unable to pay its bond interest.

With gas companies and other public utilities the case is different. The price at which gas is sold, for instance, is fixed by law, but there is no hard-and-fast

price for gas as there is for a street car ride and the price is fixed only after scrupulous examination of conditions and with a view to allowing the company to earn fair dividends. The same thing is true with regard to the regulation of railroad freight rates. A railroad cannot charge anv exorbitant rate it happens to please, but, on the other hand, dividends being paid on some of the leading railroad stocks show pretty plainly that going freight rates allow the shareholders a pretty fair chance.

Effect on Bonds.

So much for the influence of rising commodity prices on the price of stocks. With bonds the case is entirely different, their price being governed primarily by the interest rate, and the vital question thus being as to how the interest rate is affected by advancing commodity prices. If it is true that advancing commodity prices are bound permanently to raise the level of interest rates, high grade bonds are not much of an investment at the present time. Such wide currency has been attained by this somewhat revolutionary idea about a coming higher level of interest that it is worth while to look into it pretty carefully.

Very briefly stated, the claim is that rising commodity prices engender speculation in commodities and that this speculation uses up available supplies of capital, eventually forcing interest rates upward.

A number of well-known authorities on economics have subscribed to this theory, but practical Wall Street has never quite been able to work itself into a state of uneasiness regarding a higher level of interest rates to come. Why, ask the bond men, does the fact that commodity prices are going up necessarily mean that there is widespread speculation in commodities? A rising and excited cotton market or grain market do undoubtedly engender a large amount of outside speculation, but cotton and grain are but a small part of the world's commodities. There happen to be facilities for trading in cotton and grain and a few other things, but in most articles the facilities for buying and holding for the rise are very limited. A rise in pig iron or copper may induce a certain amount of speculative buying by dealers, but the resulting loans are hardly likely to be of such an amount as to materially affect the world's supply of capital. Furthermore, it is a good deal of a question whether loans on copper, for instance, *are* larger at a time like now, when copper is depressed in price, than they are when the metal is rising. It is certainly during dull times that supplies of material accumulate and have to be carried along on borrowed money.

Then, too, so many other influences bear on the interest rate that even if rising commodity prices are admitted to tend toward tying up capital, it by no means follows that interest rates are bound actually to rise when commodity prices go up. Between 1896 and 1907, prices of all the necessaries of life rose tremendously in value, reaching the maximum in the latter year. But instead of interest rates rising as a result, one of the most remarkable cheap money periods in our financial history followed —more than a year and a half of almost unbroken two per cent. money. Such a manifestation is all that Wall Street needs to convince it that commodity prices have precious little to do with determining the interest rate.

How the Market Looks at the Question.

It is for this reason that large holders of bonds, having carefully studied the question of the rise in commodity prices and failed to find in it anything alarming, go on as they have been going and add to their holdings at favorable opportunities. As long as they feel that way about it, there is little cause for the individual investor to worry. The theorists may be right and the practical men may be wrong, but this matter, far from being one of theory, is a matter of pure, practical finance. The question is whether the bond men, savings bank presidents and insurance company trustees know their own business or whether the theorists know it better than they do.

Other interesting economic effects of rising commodity prices present themselves for consideration, but limiting the present discussion to the interest the general investor has in the matter, it appears that while a rising index number neither helps nor hurts bond prices, it does affect the price of stocks. Whatever the underlying causes of a rise in commodity prices may be, it is a fact that we are in the midst of one of these big upward swings now and that everything points to its continuance for a good while to come. Commodity prices have been going up steadily for a year, and if business during the next year is as active as the outlook now is that it will be, commodity prices are bound to keep on going up in a way which will make it pay the prospective buyer of stocks to see to it that his money goes into the kind of stocks which will be benefited by the rise. This is a principle to which Wall Street is giving a good deal of attention this fall, a kind of applied economics which, as the average investor has become more and more familiar with it, has brought into high favor the shares of all companies having large natural resources.

BONDS AND INVESTMENT BANKERS.

By Edward Staats Luther, President Funding Company of America.

MENTION the word "bonds" to the average man who is accustomed to place his savings in a savings bank, and his mind will associate it—enviously maybe—with "capitalists" and persons of large means. The reason is a simple one: He has not taken the trouble to learn how the money he sets aside to provide against the dreaded and inevitable "rainy day" can be made to render the maximum of profit at the minimum of risk.

And yet he ought to realize that the knowledge is as necessary to his well-being and advancement as is his knowledge of how to read and write. It is a duty he owes to himself, and especially to those dependent upon him, to acquire it; for his little reserve fund, ninety-nine times out of a hundred, is accumulated very slowly, at the cost of hard, persistent toil and considerable self denial.

He ought to know that it is an easy matter for him to invest his money in bonds, which are the safest of all securities, yet yield comparatively high rates of interest; that bonds of small denomination—as small as $100—can be purchased singly, and in some cases on the instalment plan; that the very money he deposits in his savings bank and on which he receives interest at the rate of 3 per cent., 3½ per cent. or at the most 4 per cent., is employed to swell the profits of the bank's shareholders by the acquisition of bonds yielding as much as 6 per cent. interest, and constantly increasing in value.

In France this is understood as fully by the poorest farmer as by the wealthiest landowner or manufacturer. It is a lesson which the paternal government and great financial institutions patiently and universally have inculcated since order and cohesion were re-established out of the chaos of the Revolution. He is poor indeed who does not avail himself of the opportunity to improve his condition afforded by issues of bonds in denominations and with facilities for payment which place them within the means of the lowliest. The result is that there are more bondholders in France than in any other country in the world. It is mainly due to this wise, far-sighted policy that the Republic is envied for its great financial resources by all the other peoples of the Continent.

Forming the Habit.

Every man who finds himself the owner of one bond becomes possessed with the desire to add other bonds to it. He enjoys the satisfaction of knowing that his savings are being augmented steadily by a substantial rate of inter-

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est, and he knows that there is a strong probability that the bonds will increase in value, so that if ever he has occasion to sell he will be able to obtain a higher price than he paid for them. This well-directed thrift ensures the increasing prosperity of the individual, and is reflected, of course, in the fortified prosperity of the nation as a whole.

Every country, every city, every small town, is compelled to borrow money in order to promote its development. The indispensable extension of railroads and great business enterprises would be impossible without the co-operation of the public's money. To procure it, each and all of them must have recourse to the services of the investment banker, the only practical medium through which the saver can be reached.

The Investment Banker.

The services to the saver of this go-between are not one bit less important or valuable than they are to the state, municipality or corporation seeking help. This will be apparent to anyone who gives the matter a moment's thought. The investment banker appealed to by an industrial corporation, say, to furnish money for which it is prepared to give bond, sets about investigating the property offered as security for the loan. This he does most thoroughly, by means of an organization, maintained at heavy expense, which has access to sure sources of information and possesses the experience and efficiency necessary to appraise the security at its just value. His business life, as well as the interests of his customers, the prospective buyers of the bonds, depends upon the accuracy of this inquiry. He cannot afford to make a mistake. Were he to become identified with an issue which resulted in loss to the bondholders, his occupation would go with his reputation.

Therefore, anyone who is careful to ascertain, as he can very easily, that the banker is of good standing and unquestioned integrity in the financial world, can invest his savings, confident in the knowledge that they are protected by all the guarantees the banker has exacted for himself.

The investment banker, having satisfied himself that the loan is amply secured, and that the interest upon it will be forthcoming when due, buys the entire issue, and then prepares to sell the bonds. To dispose of these it is not enough to make known through advertisements in the press that they are for sale. This, although the expense would furnish matter for amazement to the investor, is merely preliminary. He maintains a vast organization, built up by years of effort, which through agencies, sub-agencies, and a veritable host of representatives, reaches out to every State and Territory of the Union. Each agent or representative has his own clientèle of investors, which it is his mission constantly to increase.

The Guarantee Behind the Bonds.

It readily will be realized from this insight into the working of investment machinery that collectively the investment bankers, having such an enormous aggregate of moneyed interests to safeguard, wield a power which when concentrated is a mighty factor in the affairs of the nation of which they form part. In foreign countries, on many occasions, it has been the deciding weight in the scale of peace or war.

In this country it is exercised directly and with incalculable effect in the affairs of every day life. For instance, it has been used to protect the "man on the street" by checking legislation which would have enabled bucket shops, gold brick fakers and get-rich-quick schemes to flourish as the proverbial green bay tree. Again, the real management of the great transportation systems—the very life veins of the country—and many industrial and public service corporations, are in the hands of the banking interests, not, as might be supposed, in those of the boards of directors of these concerns.

Why, then, should the man of small means, or of large means either, hesitate to avail himself of the wisdom and immense financial resources which are ever

ready to make his money work for him to the limit of its producing capacity? There is no country in the world which begins to offer as many opportunities to acquire a competency, nay, a fortune, as the United States. New and great industries are being promoted every day. They are a *necessity,* made so by the stupendous development of the nation's inexhaustible natural resources and the rapid increase of its population, which more than keeps pace with this development. The opportunities to become rich thus furnished are open to every inhabitant, no matter in what part of the country he may reside, if he only knew it and was quick to take advantage.

That money makes money has forced itself upon the intelligence of man since he lived in a cave and found, when he had run short of skins or meat (money's equivalent) in winter, that he could procure one or the other by exchange. The safest way nowadays for a man to save with a certainty of seeing his savings multiply greatly, is, as has been shown, to buy bonds. And never was there a time more favorable for investment than the present. Trade and finance are improving steadily. Their upward movement is irresistible, and securities must appreciate with them.

Heretofore there has been a drawback to the holding of bonds by many men of small means who have understood fully the advantages of acquiring them. They have felt that they might have need at any time of the money they have put aside, and in this event that they would not easily be able to realize on their bonds. They may have argued, also, that if compelled to part with them within a year, they would lose the benefit of the higher-than-bank interest which makes them attractive, through having to pay the broker's charges at purchase and sale. The argument, as a matter of fact, is based on sound common sense. Were a bond to be bought and sold and reacquired repeatedly, it would not take long for the brokers' charges to equal the entire amount of interest upon it.

Bonds of Fixed Value.

These are handicaps which long have been recognized by financiers. Certain of them have given a good deal of thought to the subject and at last have found a solution to which the most conservative could find no possible exception, yet which is so simple that all will wonder why it never occurred to them. This is a bond which combines a great many other advantages with those of a savings bank, and none of the latter's disadvantages, as a lowering of the rate of interest, such as occurred at the last meeting of the trustees of the Bowery Savings Bank in New York, when it was decided to cut the allowance on deposits from 4 per cent., the prevailing rate, to 3½ per cent.

The bond is of $100 denomination, bears interest at the rate of 4½ per cent. per annum, and carries a cash surrender privilege; that is, the holder receives its full face value on presentation. This is subject to not less than thirty nor more than sixty days' notice of intention to surrender; but the notice may be, and ordinarily is, waived by the company. It is a precaution similar to that provided for their own safety by savings banks in regard to deposits. The value of the bond, or certificate, as it is called, remains fixed, like that of a bank note. Its price of purchase is not affected by market conditions, as in the case of bonds listed on the Stock Exchange; it neither depreciates nor appreciates. Moreover, whereas in the average savings bank money must remain on deposit for not less than six months, and in some cases twelve months, before it is entitled to any interest whatever, these 4½ per cent bonds draw interest if held only for one month. The full period of their maturity is five years. They can be bought one at a time. They are registered in the name of the purchaser. The interest is paid every six months, being mailed to the post office address of the holder, thus obviating the bother of cutting and presenting coupons.

It will be observed from the foregoing that every need of the man of small

savings seeking a "safe and sane" investment rendering higher remuneration than that offered by banks, and which at the same time is readily convertible into cash, has been foreseen and met. The genius of those who provided this new and advantageous investment opportunity, however, did not stop here. The principle was extended, in slightly modified form, to a certificate offering equal facility of acquisition. This yields 5 per cent. interest per annum and runs for ten years, but is redeemable at the option of the holder any time after twelve months from the date of purchase, on sixty days' notice of intention to surrender.

Registered Participating Bonds.

Then there is a registered bond, so designated, bearing 6 per cent. interest and participating to the extent of another six per cent. in the profits of the company. The amount of participation each year is based upon the dividends declared on the capital stock, the bonds sharing proportionately in every increase above 6 per cent. paid on the stock. Thus if the company declares a dividend of 10 per cent., say, on its shares, this action will carry with it a bonus of 4 per cent. to the bondholders, which, with the 6 per cent. guaranteed interest, will net them a total equal to that received by the stockholders. The bonds in this respect, therefore, are similar to preferred stock, with the difference that they mature at a given date.

The Bond Buyer's Security.

Now as to the question of security. This is ample enough to satisfy the most cautious and exacting investor. First of all, behind the 4½ and 5 per cents. is a cash reserve nearly twice as large as that made compulsory by the banking laws for trust companies which receive deposits subject to check—and which, be it remarked in passing, pay interest of from 2 per cent. to 2½ per cent. The fact that this large sum is maintained as a reserve entails no hardship upon the company issuing the bonds, for the reason that the money is loaned out from day to day at call to banks and similar institutions in New York's great financial district, at interest rates which, on the average, net the equivalent of the interest payable on the bonds.

In addition to this, back of the bonds of all three denominations are first mortgage bonds of municipalities, bodies politic, railroads and established industrial plants, held in the treasury of the company. Finally they are a first lien on the entire capital and surplus of the company.

RAILROAD WAGES AND THE INVESTOR.

By Kendall Taylor.

WHEN any question as to the wages paid in a great industry comes prominently before the public, the popular attitude is very apt to be: "A plague of both your houses!" Let the thing be settled, says the man in the street, and the sooner the better. If the settlement be made by an employer's yielding a fifteen or twenty per cent. advance in wages, few people besides the employer himself are apt to complain. But would the public be so well satisfied if it fully understood what the yielding meant to itself—if it understood how the forcing up of the labor cost in one industry after another must surely have its effect upon the daily life of every man, woman and child in the country?

Just now the whole country is concerned over the demands for higher wages and shorter hours made by the conductors and trainmen on the eastern railroads. Between thirty and thirty-five railroads east of Chicago and north of the Ohio and Potomac Rivers are said to have received copies of these demands. The increases demanded range

all the way from 5 to 50 per cent., and, as appears from the latest figures published by the Interstate Commerce Commission, apply to about 90,000 employes.

In considering the interest that this situation has for the investor, it should be understood what is meant by that term—"investor." The fact is that there are thousands who are investors in railroads without being aware of it. Not only those who own directly railroad stocks or bonds, or who are financially interested in the industries that depend upon the railroads are to be included in the number, but also those who travel by rail or who ship freight by rail. In short, every citizen, more or less directly, is an investor in railroads. He is going to be helped by the cheapness and efficiency of railroad service; he is going to suffer from anything which interferes with the cheapness or efficiency of this service.

Railroad Rates vs. Commodity Prices.

As in every labor dispute, the chief argument of the railroad employes now is that they must have their wages advanced because the cost of living has increased. That the cost of living has increased greatly in the last ten or twelve years is a matter of record. Every man who has to buy food and clothing knows it from experience, and official figures tell the story. That is one fact in the present situation, but only one. In forming his opinion of the merits of the discussion that seems about to arise between the railroad managers and their employes, the man in the street should consider these questions: Have railroad wages remained stationary while the cost of living has mounted, or have they also advanced? Have the railroads raised their rates, or have they kept them at a level, or have they lowered them? Has or has not the cost of living of the railroads themselves increased? Are the railroads in any way responsible for the advance in the cost of commodities, or have they alone failed to receive their share in such advance?

In the first place, it should be noticed that the labor leaders, in support of their argument, point to the rise in the price of commodities *in the last year.* That is, they select, for purposes of comparison, the figures for the year following the 1907 panic, when prices had taken a decided drop. Look, they say, at the prices of 1908 and at those of 1909, and see how much more it costs to live now.

Now, the railroad managers may reply to this—if the opposing parties meet in conference—that such a comparison is not a fair one. They may suggest that the 1909 prices be compared with those of the early part of 1907, when conditions were more like those that now obtain. For years Bradstreet's, the commercial agency, has made a practice of collecting data about commodity prices, and of arranging index numbers to indicate the upward or downward movement of these prices. The index numbers for thirteen items, for March 1, 1907, and November 1, 1909, are as follows:

	March 1, 1907	Nov. 1, 1909
Breadstuffs	.0817	.1011
Live stock	.3315	.3965
Provisions	2.1049	2.2680
Fruits	.2003	.1763
Hides and leather	1.1975	1.2750
Textiles	2.7369	2.6023
Metals	.8466	.5791
Coal and coke	.0080	.0071
Oils	.3428	.3824
Naval stores	.1170	.0947
Building materials	.0906	.0805
Chemicals and drugs	.7083	.6058
Miscellaneous	.3632	.3485
	9.1293	8.9173

This table shows that the index number for the thirteen items decreased from 9.1293 on March 1, 1907, to 8.9173 on November 1, 1909; this is a decrease of 2.3 per cent. There are included in this list, however, some articles which do not enter directly into the cost of living. If "Fruits", "Metals" and "Naval Stores" be omitted, the index number for the other ten combined shows an increase, as between the two dates of only 1.27 per cent.

In the few years preceding the 1907 panic, when the cost of living was advancing, the railroad companies made corresponding advances in the wages of their employes. In the latter part of 1906 and the early part of 1907 there was a general advance of wages on the railroads throughout the country. Then came the panic, and the natural step—if strict economic principles had been followed—would have been for the companies to reduce wages until the "hard times" had passed. This was strongly urged by many railroad managers. But the final decision was against it, and wages were not reduced. The rate of pay remained the same through the "lean" time following the panic as they had been before.

Perhaps many of the officials who opposed a decrease in wages are wishing now that they had not done so. For, if the decrease had been declared, the employes would probably be demanding, at present, a restoration of the old scale, instead of a new increase on top of that which was granted before the panic.

Increased Operating Costs.

A chart that has recently been prepared from official figures shows, in simple form, how wages, commodity prices, and transportation rates have moved within a period of ten years. For convenience 100 is taken as the unit, representing the wage rate, transportation rates and commodity prices in 1898. From that year, the chart shows, prices and wages went steadily upward together. Freight and passenger rates, on the contrary, went first above and then below the unit line, remaining near it always. At the end of the ten years, the freight rate per ton mile was exactly the same; the passenger rate had dropped to 98; the rate for carrying mail, per ton mile, had dropped to 79.

Thus, while the cost of labor to the railroads has been going steadily upward, their receipts for carrying a ton of freight one mile have remained stationary. Whatever increase there mav have been in the cost of living was not due in any part to higher transportation charges. While they have received no part of the higher prices, the railroad companies have had to suffer along with the individual consumer. Every kind of material used in their business has increased in price—some to a greater, some to a lesser extent, but all materially. A recent investigator has estimated some of the principal advances as follows:

Fuel	38 per cent.
Locomotives	50 per cent.
Box cars	72 per cent.
Cross ties	76 per cent.
Bridge timbers	80 per cent.
Rails	47 per cent.
Spikes	26 per cent.

The details of the demands presented bv the Brotherhood of Railway Trainmen and the Order of Railway Conductors are too technical to be thoroughly understood by the man not familiar with railway operation. They relate to various classes of work, to payment by the mile and by the hour, and to pavment for extra time and extra mileage. If they are discussed in conference, it may be that certain details will be settled to the satisfaction of both sides. But it does not seem to be within the realm of possibility that the companies will grant any general increase under present conditions.

REGULATING THE RAILROADS.

By B. B. Mowgell.

WITH the attention of the whole investment world fixed upon the question of what the railroads may or may not do, it is interesting to note the extent of the legislation already enacted.

Now that the Annotated Consolidated Laws of the State of New York, as amended Jan. 1, 1910, have been published, it is found that 157 royal octavo pages, containing approximately 85,000 words, have been added to the railroad laws since January 1, 1907. Yet they are merely a postscript to those that went before. The railroad laws in force up to the end of 1906 make an octavo volume of 782 pages, some 329,000

words. With the enactments of the last three years, the total is brought to 414,000 words. These are the special railroad statutes; they do not include the general laws which affect the transportation companies in common with other corporations.

If the citizens or the railroad companies of New York State fear that something may have been overlooked by the Legislature, they may feel fairly sure that it has been well taken care of by the Federal Government. The U. S. Compiled Statutes, including the supplement bringing them up to August 5, 1909, muster a total of 175 royal octavo pages, containing approximately 78,000 words, under the heads of Railways and Interstate Commerce. These do not include the Sherman law or other laws which, though of general application, are of particular interest to the railroads.

The Federal and the New York special railroad statutes make a total of 492,000 words. New Jersey's railroad laws up to 1895 make an octavo volume of 284 pages, or approximately 113,000 words. Since then some seventy-five pages, or approximately 30,000 words, have been added, bringing the grand total of New Jersey, up to date, to 143,000 words. Pennsylvania does a little better. The general railroad laws of the Keystone State up to the end of 1897 make an octavo volume of 699 pages, or approximately 327,000 words. Since then, for some unaccountable reason, the railroad regulating industry has languished somewhat, and the aggregate legislation of the last few years makes but a few pages, scarcely 23,000 words.

The laws dealing specifically with railroads in New York, Pennsylvania and New Jersey, together with the Federal statutes, foot up to a total of 985,000 words. These are the laws which must be observed by any railroad operating in the three States, for instance, the Lehigh Valley or the Lackawanna. A company that operates in other States must comply, of course, with the laws of all of them.

Government by Commission.

Special railroad laws do not make up the sum total of railroad regulation. In addition to the general laws applicable to railroads, there are the rulings and orders of the Interstate Commerce Commission and the State commissions. In New Jersey and Pennsylvania the commissions are supposed to act only in an advisory capacity but, practically speaking, the recommendation of a commission is nothing else than a sugar-coated statute. New York's Public Service Commission claims the right to issue orders and the power to enforce them.

The decisions of the Interstate Commerce Commission have all the effect of law until they are set aside by the courts, which happens only after a long delay, if at all. These decisions are issued in sixteen volumes of reports. The latest, dated June, 1909, is a fat octavo volume of 745 pages, approximately 350,000 words. As the volumes are nearly uniform in size, they add an aggregate of about 5,500,000 words to the grand total of railroad legislation and regulation.

From 1902 to 1907 more than eight hundred separate laws were enacted in the various States to regulate the common carriers. Thirty-nine of the States now have railroad commissions. The commissions of Colorado, Michigan, Nevada, New York, Ohio, Oregon and Vermont have the power to order changed any rates they may consider unreasonable. Their orders are mandatory. The Alabama, Indiana, Montana, Nebraska and Washington commissions have the power to make complete rate schedules upon their own initiative.

The commissions in the remaining States have no power to fix rates, but they can issue orders affecting track, bridges, equipment and service. The Wisconsin law, which is typical of fourteen others, confers upon the commission power to issue mandatory orders in regard to "any regulation or practice, whatsoever, affecting the transportation of persons or property."

ECONOMIC CAUSES OF RISING COMMODITY PRICES.

By William Gilman Low, Jr.

IN a short article published in the September issue of The Bankers Magazine I called attention to the rapid recovery in the cost of living since the recent panic, and suggested that this factor had a distinct bearing upon the more or less immediate future of the industrial world. Since that time public attention has been drawn to the steadily rising scale of costs and unless I am mistaken will continue to give close attention to the subject for some time to come. For that reason I should like to suggest in a brief and necessarily incomplete fashion certain contributing causes which it may be well to bear in mind whenever approaching a discussion of this matter.

The Five Great Causes.

It may be a surprise to some, and certainly will invite disagreement from many, when I suggest that taxation should be placed first as a fundamental factor. Taxation appears in such different forms, has so many ramifications impossible to even suggest within the scope of this short article, that any attempt to substantiate my opinion cannot here be made. Suffice to say that there is no nook and cranny of the industrial world into which its effects do not penetrate.

Next in order should be placed extravagance in the use of capital. This word "extravagance" as here used should be defined as not merely unnecessary use of capital but misuse as well. Extravagance in government,—national, state and municipal affairs—extravagance in the industrial world, and furthermore, extravagance in private life from the top of the social scale to the very foundation.

Thirdly, education. This is distinctly a statement which invites substantiation. Education, while broadly speaking the best if not the only means for raising the sum total of human happiness, may if misdirected bring about certain unfortunate results, such for example as a lessened degree of economic efficiency; this cannot, broadly speaking, be termed a necessary characteristic of education, but it is certainly a phase. Whatever may be said on this point, however, education unquestionably increases the demand for the use of capital, even though this demand be hard to trace into its manifold sub-divisions.

Fourthly, a cause which in time may easily take first place in the order of precedence as a contributing factor but at the present time belongs in this position. I refer to pressure on the land. We are gradually passing into a new industrial, if not social, era in this country, and are beginning to feel some of the Continental European problems of life. We can no longer regard ourselves as a people apart either politically, socially or industrially; the same world-wide problem for the crowded peoples is beginning to make itself here felt—the problem of enough food. While not as yet conscious of the enormous changes which this presages, we are beginning to feel the pressure produced by an inherited belief in our resources, with inherited wasteful methods, upon a food supply which is no longer calculated to go around in old-fashioned abundant measure.

Lastly, I should place as a contributing factor the depreciation of the gold unit, which is recognized to be world-wide. How much this depreciation has been it is extremely difficult to state; economists cordially fail to agree, but that a certain amount has occurred seems certain. In some quarters an attempt is being made to make this the chief, if not the sole contributing factor, but I cannot agree with this view. It has some effect beyond question, one of which is the undoubted support which it lends to the present greatly inflated industrial and financial situation, but that it is likely to be permanent in its effect or ever likely to assume the aspect of a chief contributing factor I distinctly disbelieve.

Importance of the Problem.

It appears to me to be particularly important at the present juncture for all clear-headed, intelligent persons to grasp thoroughly the fundamental underlying factors in this great economic problem, perhaps the most threatening which has confronted the nation for many years past. From the very nature of the case the multitude will not and cannot be expected to understand the irresistible power of economic law, and in all probability will seek to find relief through artificial measures which at best may be described as useless. Combinations and trusts as visible, tangible factors are consequently most likely to feel in time the full measure of popular anger, and we shall be fortunate as a nation if we escape without serious injury to our industrial fabric. Clear-headed, intelligent persons can do a great deal toward forestalling, and if possible checking entirely, any wild outburst of popular fury which will be all the more dangerous because of its impotency.

INVESTMENT NEWS AND NOTES.

—An interesting table compiled by J. Frank Howell, and which is being sent free on application, shows the remarkable appreciation in railroad and industrial stock prices which took place in 1909. A recapitulation of the figures given shows the following result.

	Outstanding stock Dec. 31, 1908	Appreciation in market value
95 railroads....	\$5,093,775,585	\$513,985,000
95 industrials..	3,568,592,681	454,633,000

In the case of the industrials the percentage of appreciation to par value was 12.70 per cent.—2.51 per cent. more than in the case of the railroads.

—Optimistic predictions in nearly all the annual financial reviews as to the course of security prices in 1910 received a bad send-off from markets with which the year opened. 1910 is still young, it is true, but a good many of the prognosticators who let their enthusiasm get the better of their judgment wish now that their predictions had been a little less positive.

—Investors in railroad stocks who are accustomed to let strategic position play an important part in determining their purchases, will do well to read Mr. Barnaby's article on the subject in this issue. The article on Chicago Great Western by Mr. Dresser of John Muir & Co. describes a property whose strategic importance is a primary consideration.

—It is a good thing that the vast banking power created by the latest great merger of New York trust companies is lodged with interests conservative and with purposes invariably on the constructive side of things. The use which might be made of such power by some interests in this country is painful to think about.

—In wise recognition of the tendency of the times, an attractive offering of a number of good bonds bearing a high rate of interest is being made by F. J. Lisman & Co.

In the long run a good deal more money is made out of the appreciation in bonds selling at a big discount than out of low-priced stocks. The value of a bond —any given bond—can be much more accurately determined than the value of a share of stock. The foundations of some of the world's greatest fortunes have been laid by purchases of bonds selling below their determinable value.

—This is the day of the broad financial education of the investor, in recognition of which fact all the leading weekly magazines have established financial departments. *Harper's Weekly's* Finance page, conducted by the editor of "Investments" is well-known; "Jasper's Hints to Money Makers" has been running several years in *Leslie's Weekly; The Saturday Evening Post* has a department entitled "Your Savings," and *Collier's Weekly* has now joined the procession with a department called "The Average Man's Money." The "average man" knows a good deal more about his money than he used to and is learning more about it all the time.

—Stock market letters that say something are a rarity in Wall Street, for which reason it is refreshing to come across a letter like that issued weekly by the New York Stock Exchange firm of Keane, Zayas & Potts. "There is nothing hanging over the stock market but apprehension," says the letter of Jan. 15, "and there is no reason for apprehension. If you own stocks outright, our advice is to hold them for higher prices. If you are speculating on margin, buy on a scale down. In our

opinion prices will soon resume the upward march."

—A good group of railroad stocks which it will pay the investor to watch are the stocks of the roads making up the vital part of the Hawley System—Chesapeake & Ohio, Missouri Kansas & Texas, St. Louis & San Francisco, and Chicago & Alton. This year's logical consequence of railroad developments in 1909 would be the rise of Edwin Hawley and his system to a position of primary importance in the railroad world.

—John W. Hallowell and Theodore T. Whitney, Jr., will represent Messrs. Stone & Webster at the New York office recently opened in the Hanover Bank Building, 5 Nassau street. The office will deal in the securities of the electric railway, lighting, power and gas companies under the direct management of the Stone & Webster organization. An attractive leatherbound booklet has been issued which gives full information concerning these companies, which have now reached a total of 34.

—Development of the territory on the south shore of Lake Michigan into one of the greatest manufacturing districts in the world draws attention to an issue of bonds being offered by White & Co.—the first refunding mortgage fives of the Northern Indiana Gas & Electric Co.

The city of Gary, Indiana, in the center of this district, is owned by the United States Steel Corporation. Other plants will be established here by the American Locomotive Works, American Car & Foundry Co., American Tin Plate Co., American Steel and Wire Co., American Bridge Co., and the McClintok Marshall Construction Co. of Pittsburgh, which will largely increase the population of Gary and vicinity.

The first refunding mortgage five per cent. bonds are secured by a general lien on all the property of the Northern Indiana Gas & Electric Co. subject to $1,756,500 underlying bonds. The net earnings for the twelve months ending Oct. 31, 1909, were $235,544.29. Interest charges $178,275. Surplus $57,269.29.

With the rapid increase in population and the business of the company it is estimated that the net earnings of the company for the year ending August 31, 1910, will be $335,000. Interest charges $178,275. Surplus $156,725.

—South Chicago is evidently to become one of the greatest if not the greatest of steel centers in the United States. Over $60,000,000 has been spent there for construction during the past few years and the movement of industrial capital into that section seems only to have begun.

Among the valuable properties being developed is that of the Iroquois Iron Co., the first mortgage fives of which are being offered by Lee Higginson Co. and the Illinois Trust & Savings Bank. The business of the Iroquois Iron Company is the manufacture and sale of pig iron. The company was incorporated under the laws of Illinois on March 1, 1899, and then acquired the property of the Iroquois Furnace Company, comprising a single blast furnace and about 15 acres of land with approximately 975 feet frontage on the Calumet river in South Chicago, afterwards increased to about 20 acres, on which the present plant of two furnaces is situated. The company started with a capital of $600,000. During the ten and one-half years of its operations, in which there were several periods of business depression, it earned substantial profits each year. It has paid $688,500 in cash dividends on its capital stock, and has invested in its properties and business $1,902,750.03 out of profits.

The net profits of the company for the five fiscal years to April 30, 1909, have been $1,485,968.66, an average per year of $297,193.73, which is equal to 2.6 times the interest on these $2,300,000 bonds. This period includes two years of unfavorable conditions in the iron industry. It should be borne in mind that the construction of the two new furnaces will more than double the manufacturing capacity, and, in the judgment of the management, will more than double the net earnings as compared with the last five years. It is conservative in view of past experience to estimate that, on completion of the new furnaces—which should be within two years—the average annual net earnings will be at least five times the interest on these bonds.

—High prices for agricultural products mean that an immense acreage will be planted in 1910—something which investors considering the chances of the securities of the fertilizer companies will do well to consider. What has taken place in the stocks of the International Harvester Co. is due very largely to expectation of earnings to be derived from the sale of machines for the handling of the big crops shortly to be put into the ground.

—The tendency toward the establishing of bond departments by strong institutions is again illustrated by the action of the Federal State & Savings Bank of Denver, which announces the opening of a bond department under the management of John A. McMullin, formerly with Graham & Co., Philadelphia. In its new department the institution will be prepared to handle government, municipal and corporation bonds

as well as first mortgages on improved real estate.

—One very plainly defined tendency of the bond market at the present time is toward the sale to investors of large amounts of high interest bearing bonds. Whether it is because bond buyers are coming to believe that in place of the four per cent. return with which they have always been satisfied it is now possible with absolute safety to get five per cent. or even more, or whether it is because the cost of living has risen so that the investor figures that he must get more income even at the risk of safety, the fact remains that it is in the high-interest bearing bonds that most of the business with investors is being done.

—Maturing serially every year between now and 1930, City of East Saint Louis five per cent. Sanitary Sewer District Bonds are being offered to investors by the Mercantile Trust Co. of Saint Louis.

East Saint Louis, the third largest city in the State of Illinois, is located on the Mississippi river immediately across from the City of Saint Louis. It is one of the greatest freight distributing points in the west; fourteen trunk-line railroads enter the city, and have their distributing depots located there. In addition, a large amount of river traffic is handled through this point. It has a population of approximately 80,000.

The payment of principal and interest of the bonds has been provided for by a direct tax levied against all of the taxable property located in the sewer district, which district includes practically the entire city of East Saint Louis. The estimated true valuation of property located in the district is over $40,000,000, while the assessed value for 1909 was approximately $8,000,000.

—While the value of securities and of property in general moves up and down in obedience to a number of influences, there is one form of investment that almost steadily enhances in value. That is New York City real estate. No better evidence of its desirability as an investment could be given than the fact that the deposits of the New York savings banks are very largely loaned upon this security.

The upbuilding of the city goes on continuously, and the population keeps on increasing. Although the building activities are perhaps greater now than they have been at any time in the past, real estate values have not become speculative. Indeed, broadly speaking, the prices at which real estate has always been sold in New York have kept close to actual worth. Almost without pause, however, prices have tended upward. With the congestion of Manhattan Island, this tendency to enhancement of the values of land and building in New York has been transferred to the other boroughs, notably Brooklyn and the Bronx.

The American Real Estate Company has been for many years engaged in buying and developing New York City and near-by suburban property. This business has now attained to large and profitable proportions, as may be seen from the accompanying statement of condition at the close of business, December 31, 1909:

Assets—Properties in process of development, $2,093,305.45; developed properties ready for building improvements, $7,398,618.11; buildings in course of construction and land therefor, $712,642.46; rental properties—land and buildings, $4,401,184.77; houses ready for sale, Yonkers, $78,183.34; improvements to leasehold property, Manhattan, $20,503.07; mortgages receivable, including accrued interest to date, $306,646.65; cash, $261,641.14; due from agents, $22,230.25; investment in other companies (6 per cent. preferred stock), $100,000; accounts due and accrued, $33,583; building materials, $18,440.46; payments on account of real estate contracts, $25,000; miscellaneous assets, $64,220.77. Total, $15,536,199.47.

Liabilities—Capital stock, $100,000; bonds and certificates with interest accrued to date, $9,461,253.19; real estate mortgages, including interest to date, $4,130,802.23; accounts payable, $29,981.37; reserves for final payments on completed buildings, etc., $22,069.22; advance payments, rentals, contracts, etc., $34,681.65; miscellaneous liabilities, $6,257.43; surplus, $1,751,154.38. Total, $15,536,199.47.

This statement shows that the American Real Estate Company has become one of the important factors in the local real estate field. One notable feature shown by the statement is the large amount of income-producing property in the Borough of Manhattan, Borough of the Bronx and in the city of Yonkers.

In addition to the purchasing and development of real estate in the territory mentioned, the American Real Estate Company issues bonds in convenient denominations, bearing six per cent. interest. It also issues a six per cent. bond payable in annual, semi-annual, or quarterly installments.

The management of the company has always commanded public confidence, and its contracts, throughout a very long period and under all conditions, have invariably been kept.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to January 20, approximate yield as figured February 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov. reg. 2s, 1920	100½-101¼	....
U. S. Gov. reg. 3s, 1918	101¾-102½	....
Panama Canal reg. 2s, 1936	100 -101	....
Dist. of Columbia 3-65s	106 -108	....
Alabama 4s, July, 1956	102 -105	3.77
Colorado 4s, 1922 (op. 1912)	96 -100	4.00
Connecticut 3½s, April, 1930	100 -102	3.37
Georgia 4½s, July, 1915	103 -105	3.95
Louisiana 4s, January, 1914	98 -102	3.90
Massachusetts 3½s, 1940	94½- 94¾	3.80
New York State 3s, 1959	102 -102¾	2.90
North Carolina 6s, April, 1919	115 -116	3.57
South Carolina 4½s, 1933	102 -104	....
Tennessee new set'nt 3s, 1913	95½- 96½	4.00
Va. 6s, B. B. & Co.'s ctfs., 1871	49 - 53	....
Boston 3½s, 1929	95¼- 95¾	3.80
New York 4½s, 1957	108 -109	4.08
New York 4½s, 1917	103 -103¼	4.03
New York 4s, 1959	99¼- 99¾	4.02
New York 4s, 1955	99¼- 99¾	4.02
New York 3½s, 1954	88 - 88¾	4.02
New York 3½s, 1930	89 - 90	4.15
New York 6s, 1910 (rev.)	102¼-102½	....
Philadelphia 4s, Jan., 1938	102½-103¼	3.30
St. Louis 4s, July, 1928	101 -102	3.84

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A," Mar. 15, '11	98⅛- 98⅝	5.50
Am. Cig. 4s, "B," Mar. 15, '12	96⅞- 97¼	5.50
Am. Locomotive 5s, Oct., '10	99½-100	5.00
Bethlehem Steel 6s, Nov., '10	99½-100	5.00
"Big Four" 5s, June, '11	101½-101¾	3.50
B., R. & P. equip. 4½s	99½-100	4.50
C., H. & D. 4s, July, '13	97 - 97½	4.75
Diamond Match 5s, July, '12	98¼	....
Del. & Hudson 4½s, July, '22	101¾-102¼	4.30
Gulf & Ship Isl. 5s, Apr., '10	99	....
Hudson Co. 6s, Oct., '11	99¾-100½	4.70
Interboro 6s, May, '11	103¼-104	2.30
Kan. City R. & L. 6s, Sep., '12	96½- 97¼	6.50
Maine Central 4s, Dec., '14	98⅞- 99¼	4.12
Minn. & St. L. 5s, Feb., '11	99⅛- 99½	5.50
N. Orleans Term 5s, Apr., '11	99 -100	5.00
N. Y. Cen. equip. 5s, Nov., '10	100¼-100⅝	4.20
N. Y. Cen. equip. 5s, Nov., '12	101¼-102¼	4.20
N. Y. Cen. equip. 5s, Nov., '14	102¼-103¼	4.20
N. Y. Cen. equip. 5s, Nov., '16	102⅞-104¾	4.20
N. Y. Cen. equip. 5s, Nov., '19	104 -106½	4.20
N. Y., N. H. & H. 5s, Jan., '11	100½-101	3.90
N. Y., N. H. & H. 5s, Jan., '12	101¾-102¾	3.75
Norfolk & West. 5s, May, '10	100 -100⅜	3.45
North American 5s, May, '12	98 -100	5.90
St. L. & S. F. 4½s, Feb., '12	95½- 96¼	6.50
St. L. & S. F. 5s, Jan., '11	99 - 99¼	5.70
Southern Ry. 5s, Feb., 1913	98⅜- 98¾	5.45
Tidewater 6s, June, '13	101½-102	5.10
Wabash 4½s, May, '10	99½- 99⅞	5.30
Westinghouse 6s, Aug., '10	100⅜-100⅝	4.70
Wood Worsted Mills 4½s, Mar., '11	99¼- 99¾	5.25
Western Tel. 5s, Feb., 1912	99⅜- 99⅝	4.70

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	5	10
Atlanta & West Point	170	180
Atlantic Coast Line of Conn	334	340
Buffalo & Susquehanna	26	30
Central New England	8	15
Central New England, pref	20	30
Chicago, Indianapolis & Louisville	47	53
Chicago, Ind. & Louisville, pref	63	68
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref	65	75
Cincin., N. Orleans & Tex. Pac	113	125
Cincin., N. O. & Tex. Pac., pref	103	107
Cincinnati Northern	39	45
Cleveland, Akron & Columbus	68	75
Cleve., Cin., Chic. & St. L., pref	103	108
Delaware	78	...
Des Moines & Ft. Dodge, pref	78	85
Detroit & Mackinac	45	55
Detroit & Mackinac, pref	90	95
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	30	36
Georgia, South. & Flor., 1st pref	92	95
Georgia, South. & Flor., 2d pref	73	77
Huntington & Broad Top	..	12
Huntington & Broad Top, pref	..	35
Kansas City, Mexico & Orient	21	24
Kansas City, Mex. & Orient, pref	28	33
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref	33	38
Maine Central	200	210
Maryland & Pennsylvania	20	25
Michigan Central	145	155
Mississippi Central	39½	43
Northern Central	115	120
Pitts., Cin., Chic. & St. L., pref	110	120
Pittsburg & Lake Erie	300	...
Pittsburgh, Shawmut & Northern	..	1
Pere Marquette	33	36
Pere Marquette, 1st pref	63½	66
Pere Marquette, 2d pref	41	43
St. Louis, Rocky Mt. & Pac., pref	45	55
Seaboard Company	25	26
Seaboard, 1st pref	77	...
Seaboard, 2d pref	45	47
Spokane & Inland Empire	45	50
Spokane & Inland Empire, pref	60	70
Texas Central	35	40
Texas Central, pref	80	85
Williamsport & North Branch	1	3

GUARANTEED STOCKS.

[Corrected to January 20.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 18 Wall St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So. R.R.)	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)	99	103
Boston & Lowell (B. & M.)	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.)	227	...
Boston & Providence (Old Colony)	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)	115	125
Cayuga & Susquehanna (D. L. & W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)	174	178
Cleveland & Pittsburg Betterment	100	104
Columbus & Xenia (Pa. R. R.)	200	206
Commercial Union (Com'l C. Co.)	110	120
Com'l Union of Me. (Com'l C. Co.)	110	...
Concord & Montreal (B. & M.)	170	...
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)	180	...
Delaware & Bound B. (Phila. & R.)	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	103
East Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	280	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)	235	245
Erie & Pittsburg (Penn. R. R.)	150	160

	Bid.	Asked.
Franklin Tel. Co. (West. Union)	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	257
Gold & Stock Tel. Co. (W. U.)	108	...
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	95
Inter. Ocean Telegraph (W. U.)	95	105
Illinois Cen. Leased Lines (Ill. Cen.)	99	102
Jackson, Lans. & Saginaw (M. C.)	90	95
Joliet & Chicago (Chic. & Al.)	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	79	81
K. C. St. L. & C. pfd. (Chic. & Al.)	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.)	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	184	...
Nashville & Decatur (L. & N.)	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.)	200	...
Ogden Mine R.R. (Cen. R.R. of N.J.)	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)	220	230
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C. R. I. & P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	124	128
Saratoga & Schnectady (D. & H.)	168	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	172	...
Twenty-third St. R. R. (M. S. R.)	..	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.)	250	254
Valley of New York (Del. L. & W.)	123	128
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (Del. Lack. & W.)	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to January 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	61	68
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock	....	130	145
Bway & 7th Av Con 5s.1943	J&J	102	105
Bway & 7th Av 2d 5s..1914	J&N	100	101
Col & 9th Av 1st 5s...1993	M&S	98	102
Christopher & 10th St	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52
42d St M & St N Av 6s.1910	M&S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	95	99
Second Av Ry stock	....	15	18
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	65	70
Sixth Av Ry stock	....	110	130
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s......1942	F&A	100½	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	85	90
Central Union Gas 5s..1927	J&J	100½	101½
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	100	101
N Y & E R Gas 1st 5s.1944	J&J	103	106
N Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	100
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s..1950	J&D	103¼	106
Brooklyn Ferry Gen 5s.1948	....	30	31
Hoboken Fy 1st Mtg 5s.1946	M&N	105	107
NY & Bkn Fy 1st Mt 6s.1911	J&J	90	95
NY & Hobok Fy Gen 5s.1946	J&D	96	98
N Y & East River Fy	Q M	30	35
10th & 23d St Ferry	A&O	40	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	30	35
Union Ferry 1st 5s....1920	M&N	92	97

MISCELLANEOUS SECURITIES.

[Corrected to January 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F.	82	85
American Brake Shoe & F. pref.	123	126
American Brass	117	123
American Chicle	225	230
American Chicle pref.	103	107
American Coal Products	94	97
American Gas & Electric	45½	47
American Gas & Electric pref.	43½	45
American Light & Traction	298	303
American Light & Traction pref.	106	109
American Typefounders	45	49
American Typefounders pref.	97	101
Babcock & Wilcox	106	110
Borden's Milk	117	120
Borden's Milk pref.	104	107
Bush Terminal	60	63
Connecticut Ry. & Lighting	76	78
Connecticut Ry. & Lighting pref.	80	85
Cripple Creek Cent.	28	33
Cripple Creek Cent. pref.	47	52
Due Pont Powder	135	139
Du Pont Powder pref.	86	90
E. W. Bliss	135	140
E. W. Bliss pref.	127	135
Empire Steel & Iron	12	18
Empire Steel & Iron pref.	80	90
International Nickel	150	154
International Nickel pref.	90	92
International Silver	20	30
International Silver pref.	98	103
Inter. Time Recording	65	75
Inter. Time Recording pref.	98	103
Lackawanna Steel	62	65
National Sugar pref.	98	102
Royal Baking Powder	167	175
Royal Baking Powder pref.	109	112
Safety Car Heating & Lighting	130	134
Singer Manufacturing	560	...
Standard Coupler	80	85
Standard Coupler pref.	105	115
Texas & Pacific Coal	100	105
Tri-City Ry. & Lt.	26	29
Tri-City Railway & Light pref.	90	94
Union Typewriter	57	61
Union Typewriter 1st pref.	110	115
Union Typewriter 2d pref.	110	115
United States Envelope	53	56
United States Envelope pref.	112	117
U. S. Ind. Alcohol	22	26
U. S. Ind. Alcohol pref.	87	92
Virginian Railway	23	26
Western Pacific	26	29
Worthington Pump pref.	108	111

ACTIVE BONDS.

[Corrected to January 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101½	102½
Amer. Steel Foundries 4s, 1923	76	77
Amer. Steel Foundries 6s, 1935	104	106
Balt. & Ohio, Southwest. Div. 3½s	90⅛	91
Bethlehem Steel 5s	88¾	89½
Chi., Burlington & Quincy Gen. 4s	98¾	99
Chi., Burl. & Quincy Ill. Div. 4s	100	100¼
Chi., Burl. & Quincy Ill. Div. 3½s	98¾	99½
Cin., Hamilton & Dayton 4s	96½	97¼
Denver & Rio Grande Ref'ng 5s	93½	94½
Louis. & Nashville unified 4s	99½	100
Mason City & Ft. Dodge 4s	87½	88½
Norfolk & West. Divisionals 4s	92½	93
Savannah, Florida & Western 6s	125½	127½
Va. Carolina Chem. 1st 5s	98½	99
Western Maryland 4s	84¼	85¼
Wheeling & Lake Erie cons. 4s	87	88
Wis. Central, Superior & Duluth 4s	92¼	93
Western Pacific 5s	97½	98

COAL BONDS.

[Corrected to January 20.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93
Continental Coal 1st 5s, 1952	95	100
Fairmont Coal 1st 5s, 1931	95½	97
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	98	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	94½	97
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	94	97
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	95	96½

	Bid.	Asked.
Sunday Creek Co. Coll. Tr. 5s, 1944	70	73
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	92	96
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to January 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932	97	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative	101	103
Guanajuato Power & El. Co. Com.	27	28
Arizona Power Co. Bonds, 6%, due 1933	87	91
Arizona Power Co. Pref.	45	...
Arizona Power Co. com.	26½	28
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	58	59
Western Power Co. Com.	37	38
Mobile Elec. Co. Bds., 5%, due 1946	75	81
Mobile Electric Co. Pref., 6%	..	...
Mobile Electric Co. Com.	..	21
Amer. Power & Lt. Co. Pref., 6%	82	83
Amer. Power & Lt. Co. Com.	33	34

FOREIGN & MUNICIPAL BONDS.

[Corrected to January 20.]

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Consols 3½s	93¾	94¾
German Consols 3s	84¾	85¾
Prussian Government 4s	102	103
Bavarian Government 4s	102	103
Hessian Government 3½s	92½	93½
Saxony Government 3s	84¾	85¾
Hamburg Government 3s	84	85
City of Berlin 4s	100½	101½
City of Cologne 4s	100½	101½
City of Augsberg 4s	100¼	101¼
City of Munich 4s	100¼	101¼
City of Frankfurt a-M. 3½s	93¼	93¾
City of Vienna 4s	96	97
Mexican Government Gold 5s	100¾	101¾
Russian Government Gold 4s	92½	93½
French Government Rente 3s	98½	99½
British Consols 2½s	82	83

BANK AND TRUST COMPANY STOCKS.

[Corrected to January 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	185
Amer. Exchange Nat. Bk.	10	250	255
Bank of America	26	600	625
Bank of the Manhattan Co.	12	340	350
Bank of the Metropolis	16	390	410
Bank of N. Y., N. B. A.	14	325	335
Bank of Washington Hts.	8	265	...
Battery Park Nat. Bank	..	125	140
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	155	165
Century Bank	6	160	175
Chase National Bank	6	425	...
Chatham National Bank	16	330	350
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	440	...
Citizens Central Nat. Bk.	6	160	165
Coal & Iron Nat. Bank	6	140	...
Colonial Bank	10	375	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	330	335
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4300	...
Fifth National Bank	12	300	...
First National Bank	32	900	925

	Div. Rate.	Bid.	Asked.
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	200	205
Gallatin National Bank	12	330	350
Garfield National Bank	12	300	...
German-American Bank	6	135	...
German Exchange Bank	20	450	...
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank	16	650	...
Importers' & Traders' Nat. Bank	24	560	575
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	190
Liberty National Bank	20	600	...
Lincoln National Bank	8	...	435
Market & Fulton Nat. Bk.	12	255	265
Mechanics' Nat. Bank	12	265	280
Mercantile Nat. Bank	6	170	185
Merchants' Ex. Nat Bk.	6	160	170
Merchants' Nat. Bank	7	180	...
Metropolitan Bank	8	190	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	235	...
Nat. Bk. of Commerce	8	200	205
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	410	420
National Copper Bank	8	300	315
National Park Bank	16	470	480
National Reserve Bank	..	...	130
New Netherlands' Bank	..	200	...
N. Y. County Nat. Bank	40	850	...

	Div. Rate.	Bid.	Asked.
N. Y. Produce Ex. Bank	8	172	...
Night & Day Bank	..	200	230
Nineteenth Ward Bank	15	...	375
Northern Bank	6	100	110
Pacific Bank	8	230	250
People's Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	600	...
Seaboard National Bank	10	350	...
Second National Bank	12	400	...
Sherman National Bank	..	140	...
State Bank	10	290	310
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	160	...
Union Ex. Nat. Bank	10	190	200
West Side Bank	12	500	...
Yorkville Bank	20	500	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	380	...
Bankers' Trust Co.	16	690	710
Broadway Trust Co.	6	145	155
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	162	175
Citizens Trust Co.	..	130	...
Central Trust Co.	36	1035	1050
Columbia Trust Co.	8	320	330
Commercial Trust Co.	..	135	...
Empire Trust Co.	10	300	...
Equitable Trust Co.	20	500	515
Farmers' Loan & Trust Co. (par $25)	40	1800	1850
Fidelity Trust Co.	6	205	215
Fifth Avenue Trust Co.	12	400	430
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	20	1000	...
Guardian Trust Co.	..	160	...
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	180	...
International Bank'g Corp.	..	125	145
Kings Co. Trust Co.	14	500	...
Knickerbocker Trust Co.	..	335	350
Lawyers' Mortgage Co.	12	260	270
Lawyers' Title Insurance & Trust Co.	12	300	310
Lincoln Trust Co.	..	...	165
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	390	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	525	540
Morton Trust Co.	20	525	...
Mutual Alliance Trust Co.	8	130	140
Nassau Trust Co.	8	165	...
National Surety Co.	8	215	...
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	220	230
New York Trust Co.	32	...	675
People's Trust Co.	12	280	...
Standard Trust Co.	16	400	440
Title Guar. & Trust Co.	20	560	570
Trust Co. of America	10	350	360
Union Trust Co.	50	1380	...
U. S. Mtg. & Trust Co.	24	490	510
United States Trust Co.	50	1250	...
Van Norden Trust Co.	12	240	250
Washington Trust Co.	16	360	380
Windsor Trust Co.	6	130	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	152
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	371
Fourth National Bank	7	165
Merchants National Bank	10	255½
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	338¼
National Union Bank	7	202
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	123¼
People's National Bank, Roxbury	6	125
Second National Bank	10	251¾
South End National Bank	5	104¼
State National Bank	7	183½
Webster & Atlas National Bank	7	182
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	269
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	..	150	...
City National, Evanston	12	300	325
Commercial National Bank	12	236	238
Continental National Bank	8	...	291
Corn Exchange Nat. Bank	12	438	442
Drovers Deposit Nat. Bank	10	220	...
First National Bank	20	494	498
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank	8	188	192
Hamilton National Bank	5	133	136
Live Stock Exchange Nat. Bank	10	248	252
Monroe National Bank	4	130	138
Nat. Bank of the Republic	8	200	205
National City Bank	6	199	201
National Produce Bank	..	133	140
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

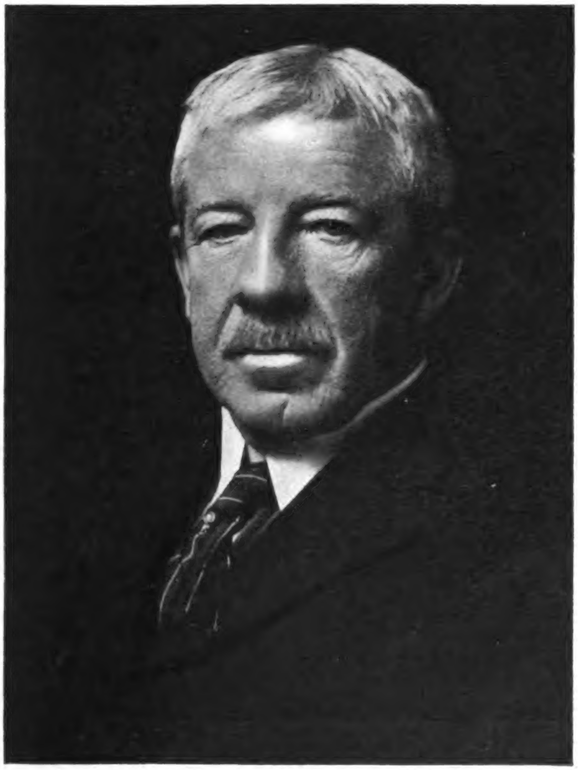
	Div. Rate.	Bid.	Asked.
Austin State Bank	10	275	...
Central Trust Co.	7	161	162
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	147
Citizens Trust Co.	..	100	111
Colonial Tr. & Sav. Bank	10	197	201
Cook County Savings Bank	6	110	...
Drexel State Bank	6	160	163
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	110	116
Farwell Trust Co.	..	122	...
Hibernian Banking Assn.	8	218	222
Illinois Tr. & Sav. Bank	16-4ex.	507	515
Kasper State Bank	10	200	...
Kenwood Tr. & Sav. Bank	7	125	130
Lake View Tr. & Sav. Bk.	5	129	135
Merchants Loan & Tr. Co.	12	425	432
Metropolitan Tr. & Sav. Bk.	6	120	130
Northern Trust Co.	8	319	321
North Avenue State Bank	6	140	...
North Side State Bank	6	126	...
Northwest State Bank	..	111	113
Northwestern Tr. & Sav. Bk.	6	136	140
Oak Park Tr. & Sav. Bank	12	305	311
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	155	...
Railway Exchange Bank	4	125	...
Security Bank	..	155	..
South Chicago Sav. Bank	6	134	141
State Bank of Chicago	12	328	...
State Bank, Evanston	8	270	...
Stock Yards Savings Bank	6	208	220
Union Bank	..	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank	6	160	...

TWO PIONEER BANKING HOUSES OF SEATTLE CONSOLIDATE.

Seattle National and Puget Sound National Merged Under Name of Former Institution.

THE Seattle National and the Puget Sound National, two of the largest banking houses in the Pacific Northwest, are to consolidate under the name of the former, completing the biggest financial deal in the history of that great section of the country, and giving to Seattle another million dollar bank. Each bank will contribute $500,000 to the capital and $100,000 to the surplus, making the capital of the consolidated bank, $1,000,000 and the surplus $200,000.

As shown by the last report of the Comptroller of the Currency, the combined deposits of the two banks are more than $16,500,000 and their aggregate resources more than $19,000,000. The deposits when the merger is completed will be the largest held by any financial institution in the Pacific Northwest.



E. W. ANDREWS
President Seattle National Bank.

The present quarters of the Puget Sound National Bank will be vacated and the new bank will occupy the offices of the Seattle National, in the Seattle National Bank Building, corner Second avenue and Columbia street, which will be completely remodeled and additional room secured.

E. W. Andrews is to be president of the consolidated bank. Jacob Furth will be made chairman of the board of directors, J. W. Maxwell, at present cashier of the Seattle National, will become first vice-president of the new organization. R. V. Ankeny, cashier of the Puget Sound National Bank, will act in the same capacity for the new bank.

Jacob Furth has been president of the Puget Sound National Bank for twenty-

seven years since its organization in 1882. His banking experience of twenty-seven years has established him as one of the leading financiers of the Northwest. He is president of the Seattle Electric Company, and has other large interests in the city. R. V. Ankeny has been cashier of the Puget Sound National Bank for the last twenty-two years.

E. W. Andrews has been in the banking business since 1875, beginning his banking career in Cincinnati. He came to Olympia, Washington, in 1890, to assume the presidency of a bank there. He has been president of the Seattle National Bank for the last eighteen years. Mr. Andrews is chairman of the Seattle Clearing-House Committee, vice-president of the Northern Life and Washington Fire Insurance Companies, and is identified with very large interests.

J. W. Maxwell, who accedes to the first vice-presidency of the new bank, has long been prominent in the financial life of the Northwest. He was elected mayor of South Bend, Washington, for two terms, without opposition; has served in the State Legislature and during his term as national bank examiner for Washington, Oregon, Idaho and Montana, made a noteworthy record for his fearlessness, thoroughness and careful methods. He engineered the merger of the Washington National Bank with the National Bank of Commerce, and became cashier of that institution. Since 1907 he has been cashier of the Seattle National Bank, and was recently unanimously elected president of the Seattle Commercial Club.

J. W. MAXWELL
Vice-President Seattle National Bank.

Mr. Maxwell is a trustee of the Northern Life Insurance Company and is interested in a number of country banks.

The Seattle National Bank was established in 1889. Since January, 1892, Mr. Andrews, as president of the bank, has given his time exclusively to banking matters. In August, 1903, the Boston National Bank, of Seattle, was consolidated with it.

The new bank will be peculiarly a local institution, as practically all its stockholders are Seattle men. The Furth Investment Company, controlled by Mr. Furth, is the largest single owner of the stock of the Puget Sound National Bank,

holding 2,000 shares. The remainder of the stock is in small holdings, of which the next largest owner has 341 shares. Daniel Kelliher, of the law firm of Bausman & Kelliher, is the largest individual stockholder in the Seattle National Bank, holding 1,062 shares, and Mr. Andrews is the next largest individual owner, holding 660 shares. It is proposed to merge the two boards of directors into one directorate.

THE UNITED STATES NATIONAL BANK OF ABERDEEN, WASHINGTON.

THIS is the name of the enterprising bank that recently succeeded the Union Bank & Trust Company of Aberdeen. It has a new home of the most approved type with fixtures and fittings that are attractive and convenient down to the smallest details. The officers are bankers of wide experience and are well and favorably known throughout their home state.

FRANK G. JONES

President United States National Bank of Aberdeen, Washington.

W. F. PAULL

Cashier United States National Bank of Aberdeen, Washington.

Frank G. Jones, the president, came to Aberdeen about three years ago and organized the Chehalis County Bank, the first savings institution in the county. This he still operates. Later he added a commercial department—the Union Bank & Trust Company, which has been taken over by the United States National Bank. These banking institutions, and the careful, conservative way in which they are operated, have won Mr. Jones a host of friends and customers.

W. F. Paull, the cashier of the new bank, is a man of rare qualifications and pleasing personality. His experience as a banker has been gained in large banks in Iowa, his home state, and in Seattle, and covers a period of more than fifteen years. He has been a prominent figure at many bankers' conventions, both state and national, and is an officer of the American Institute of banking. He is a college graduate and has a large acquaintance among the leading bankers of the United States.

THIS department of THE BANKERS MAGAZINE is for the benefit of all readers interested in safety deposit. It is open to contributions from any source, the purpose being to make it a place of exchange for good ideas in this branch of the banking business. For reproduction in this department, we would be pleased to receive photographs of safe deposit vaults, customers' rooms, or copies of unusual safe deposit advertisements. We invite correspondence as to new methods of handling this business and approved means of increasing it.

VAULT CONSTRUCTION THAT PROVIDES ABSOLUTE PROTECTION AGAINST THE BURGLAR —THE MOB—EARTHQUAKE OR BURNING.

By C. U. Carpenter, President Herring-Hall-Marvin Safe Company.

IT is a fact that many banks to-day are inclining more and more towards systems and methods of protection that lean toward the side of display and show rather than toward the all important one of PROTECTION. It is a condition that is seriously deplored and fought against by the bank vault manufacturers who have reputations to maintain and who, through a vast experience of many years of work and struggle, know well what is required to furnish proper protection. A fine show of elaborate cornices, polished and decorated brass plates and a liberal supply of putty and paint will not serve the banker and the community in time of stress when attack may come from burglar or mob or danger threaten from earthquake and fire.

The banking world is becoming more than interested over the possibilities of the newer methods of burning steel by the use of Thermit and also Oxy-acetylene flame.

This company has experimented for three years and perfected systems of insulation which now effectually prevent any dangerous effect whatsoever from the use of these new and powerful agents. In this case the remedy was found before the banking community became aware of danger or the burglar of their possibilities. The same systems also provide protection against the electric arc. The president of this company was the first person in the United States to secure samples of Thermit from abroad and conducted elaborate experiments with it to ascertain its possibilities and to devise methods for protection against it.

This company also installed one of the very first Oxy-acetylene plants ever imported into this country, its officers conducting similar experiments with its power.

The writer considers as unwise the discussion of the operation of these two agents and the methods of protection against them in a public paper—indeed would not mention the subject were it not that knowledge of their power is becoming widespread and the assurance that proper protection can be provided against them may be timely.

Indeed the danger of these two powerful agents operating against a well built, properly designed vault of a construction such as has prevailed in the last ten years, has been exaggerated.

Modern Bank Vault Construction.

It must be kept in mind that the improvements in construction of bank vaults have kept pace with progress in other scientific and mechanical lines.

We have steel to-day that is superior in tensile strength and drill-proof qualities to the steel of ten years ago. We have perfected mechanical devices and methods which enable us to accomplish results that could not be secured ten years ago. Factory organizations have been modernized and brought up to a high plane of efficiency. It is important to note this fact, for the records show that there is no record of a successful attack by outside robbers upon a bank vault of modern construction built by responsible manufacturers.

It is, of course, well-known that robberies do occur. These are invariably thoroughly investigated by the safe manufacturers. A history of these robberies would prove of great interest and be of importance to the

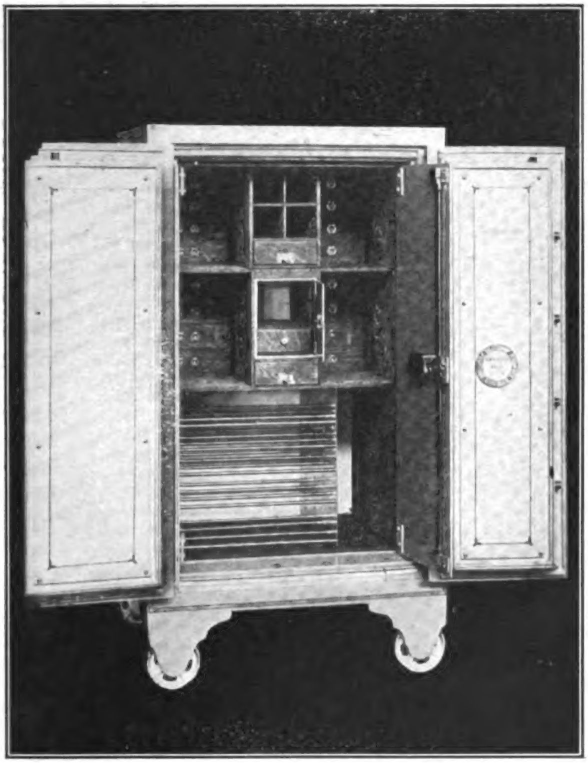
banker. He would soon know why it was possible for these robberies to occur and an examination of his own protective facilities would soon teach him the measure of protection his own vaults afforded him. It is apparent that this is a matter of real importance. The banker cannot afford to shut his eyes to the fact that the attack of the burglar is liable to fall upon his vaults at any time. If his vaults contain the same defects that are apparent in those which have been successfully attacked, it goes without saying that he has good reason to fear disastrous results should an attack be made.

Again the writer desires to emphasize the fact he considers it unwise to discuss too fully the question of the defects of the older types of vaults in a paper of this kind, for such a public expression would become the property of those who might use it to the detriment of the banker and the public.

Vulnerable Points of Old Safes.

A brief discussion of the older methods of attack used by the burglar will, however, be in order. Modern drill-proof steel gives absolutely adequate protection against the use of the drill. The older types of vaults are, of course, not protected by the same type of drill-proof steel as is used to-day. After the steel was made more perfect in its drill-proof qualities, the vault manufacturer soon found that his vaults were subject to attack through the door by means of the wedge. If the door did not fit closely the wedge could be driven into the crack and the door possibly driven apart. This danger has been altogether eliminated in past years through use of a system of overlapping flanges and interlocking jambs upon the door and the entrance. Attacks were often made upon the spindles of the locks. The burglar attempted to drill them, to drive them in, or pull them out, his object being to leave a hole through the doors, through which he could manipulate the locks. Modern methods of construction have rendered this impossible.

The use of nitro-glycerine bothered the safe manufacturers for a number of years. It was discovered that the only method that was effective against the use of this power-



Modern fireproof safe.

A modern bank vault.

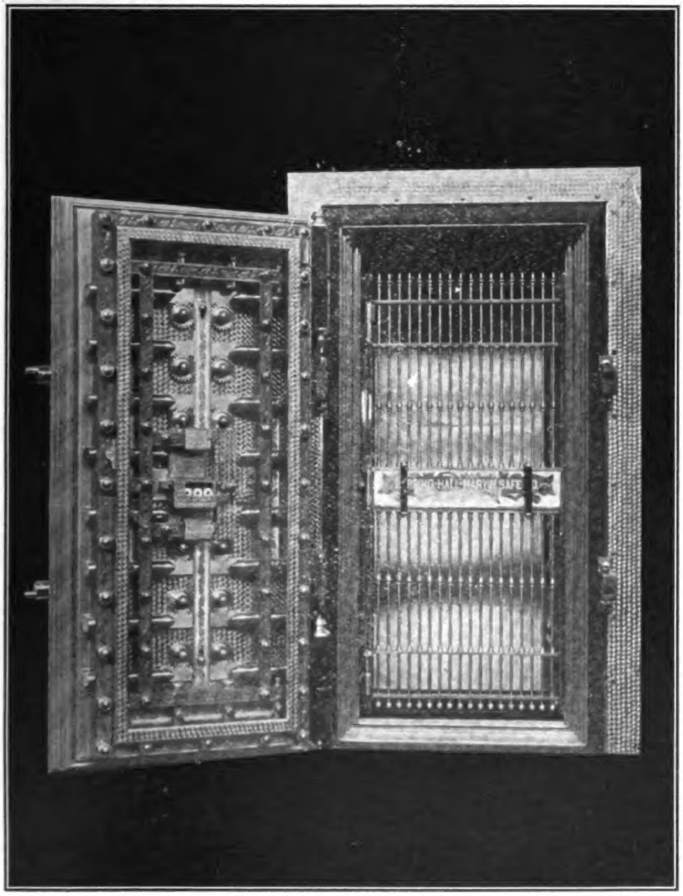
ful agent was to grind the jambs of the doors and jambs of the entrance to such a minute and close fit that it would be practically impossible to introduce nitroglycerine. When one considers that this has to be done with doors weighing from two to twenty-five tons, it can readily be seen that it is a very difficult mechanical proposition.

In fact, the records show that many of the successful burglarious attacks have been made upon the older types of vaults in which it was impossible to make a sufficiently close fit on the door and entrance.

Again, too, in these older types the doors were not of sufficient strength to withstand the shock of the heavy explosions. Modern methods of machining and grinding and hand work have overcome these troubles, and it is now possible to grind these massive steel doors so that they fit in the entrance like valves. It is impossible to insert either wedge or chemical into the joints and cracks. The door itself is so scientifically built up that it can withstand enormous shocks of either dynamite or nitroglycerine. They are constructed of grades of steel of the highest possible tensile strength to resist the tearing power of a great explosion and of drill-proof qualities to withstand the drill.

The fact, however, that long experience

has shown the great necessity for this scientific construction only emphasizes the danger to the banker and to the community of vaults of the older type which were not built to withstand such attacks, or vaults built by manufacturers who have not had sufficient experience in this line of work to give a banker adequate protection.



Rectangular door entrance of modern vault.

It is, of course, apparent that the most vulnerable point of attack on a vault lies in the door. A door to a vault which is not closely fitted, but is covered with plaster and paint, is a danger to the banker and the community.

Investigation of many robberies shows that in many cases the banker has been imposed upon by unscrupulous manufacturers and has been persuaded to install doors so defective in construction that they will provide but little protection against attack. The "massive" doors which are torn asunder by the effect of explosives introduced by the burglar (according to the Press) are invariably found to be light doors but little better than ordinary fireproof vault fronts.

There is a tendency amongst bankers to avoid the use of heavy thicknesses of metal in the lining or body of the vault. They are rather inclined to spend the extra amount of the appropriation upon heavy and showy doors, leaving the lining to be protected by outer walls of concrete, etc. This, in the writer's opinion, is a serious mistake. This tendency to lighten up and weaken the construction of the lining may result very disastrously some day. The writer too has discovered where this "penny wise and pound foolish" policy has been adopted and the banker saves a few hundred or thousand dollars on the bank vault and spends it on the balance of his building, the public finds

it out sooner or later and comes to the conclusion that vaults of that character do not afford adequate protection for their securities.

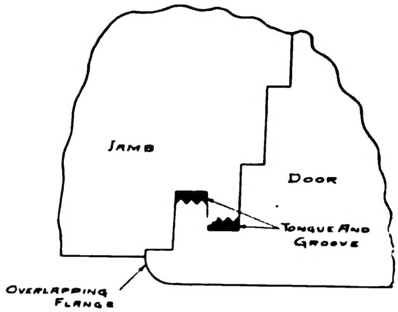
I wish to place myself emphatically on record as favoring heavier types of linings, not because it means a larger aggregate volume of sales to the manufacturer, but because, in my opinion, proper policy of protection demands it.

Modern Requirements.

Only brief consideration can be given to the essential points of construction.

The vault lining of the main body is usually built up of large plates of steel bound together in a manner which makes the entire body practically a unit. The method of tying these plates together adds enormously to the strength of the entire body against attack. The steel plates are of extremely high tensile strength to resist the tearing effect of high explosives and are non-drillable. Massive steel angles which cover and protect all the corners and edges of the vault, both outside and inside, bind this entire body together. These angles are welded together solidly so there is practically no chance at all for the cracksman to penetrate to any of the joints of the vault. The purchaser of a vault should go into the question of resisting materials, proper thickness and arrangement and methods of holding them together with great thoroughness.

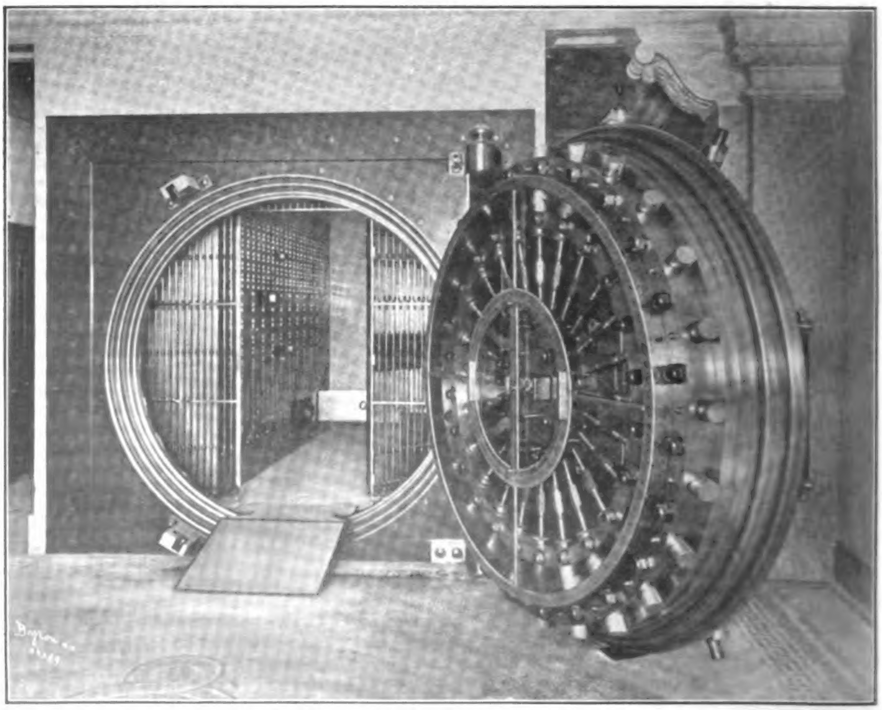
It should be noted here that all first-class vault manufacturers are glad to put their large and efficient engineering department at the services of any intending purchaser and will furnish him, free of charge, full detailed information of drawings, both general and technical.



Where door and jamb meet.

Vault Entrance and Door.

As stated previously, the doors constitute the most important point in the construction of a vault. The mob or the cracks-


Round door entrance of modern vault.

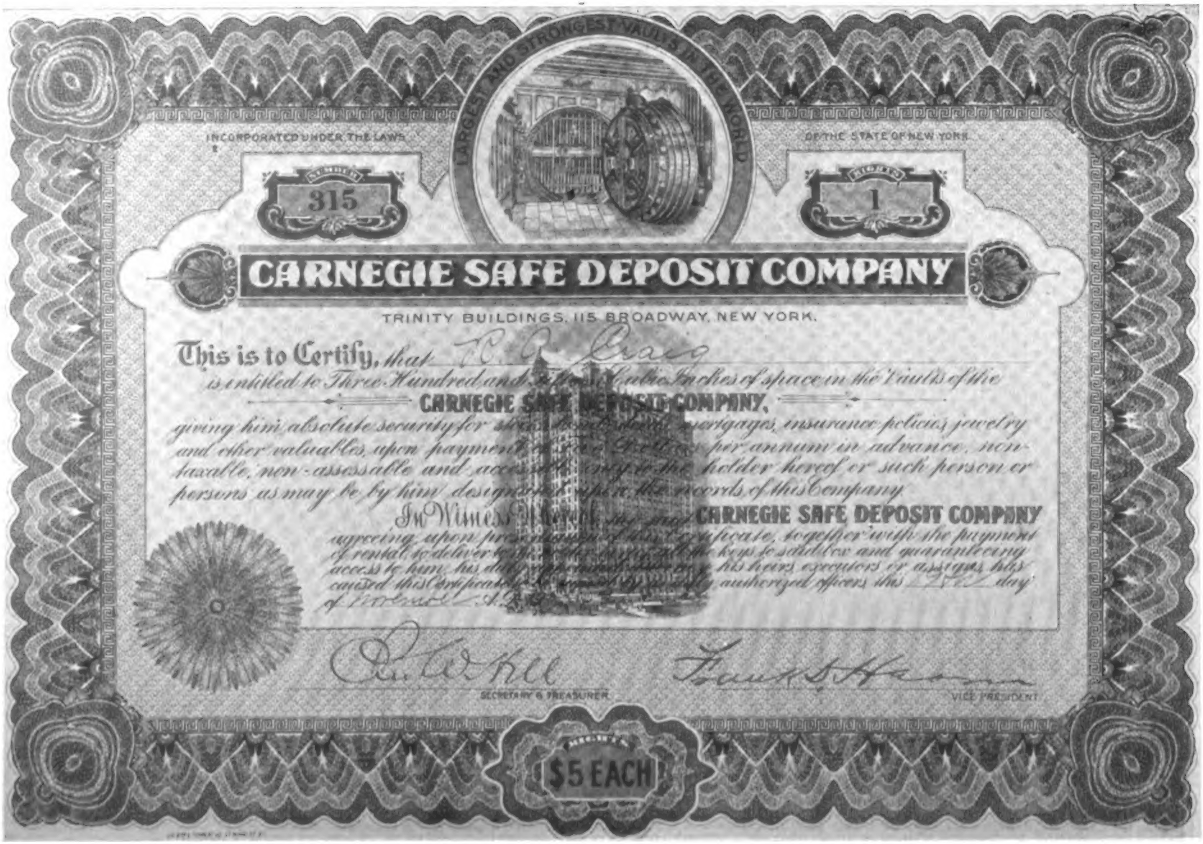
man, if undisturbed, has unlimited opportunity to work at this point. The two types of doors which should be considered, are the older rectangular type, and the newer round door type. The essential methods of construction are the same. The round door type is, however, favored by the writer, where there is room for it to swing. It offers greater protection because it lends itself more readily to the special grinding processes, which provide a liquid-proof joint between the jambs of door and entrance. Its shape also provides additional protection against wedging. It is certainly much more attractive and beautiful in appearance and is more modern and up-to-date.

The main points to be considered in any door are strength of construction, perfect fit of door and entrance, massive boltwork system and method of handling the heavy door easily and with accuracy.

Every door should contain on its outer plate an overlapping flange. This flange extends around the outer edge of the door and projects over the edge of the jambs of the entrance. The outer crack of the door is thus effectually closed against the possibility of wedging. As a further security against wedging, the door should contain modern interlocking jamb devices. These devices assist materially in absorbing any heavy shocks against the outer face of the door. There is a tendency on the part of some constructors to eliminate these interlocking jamb devices, but, in my opinion, this tendency arises from a desire to save this extra cost, or ignorance of their true and important functions in vault construction.

Preserved contents of a safe which went through a recent devastating fire.

The door body itself is so bound together as to increase materially the strength of the different layers of steel of which it is composed. It is very important to note that this door, whether it be round or square, must be so ground to size that when closed there is metal to metal contact. It is safe to say that no one but a first-class manufacturer can meet this special mechanical requirement.



This certificate was enclosed in every cardboard box sent out to prospective customers.

LOCKING MECHANISM.

The door is, of course, held in place by the heavy boltwork mechanism. In the construction of the boltwork there are many technical details which it is unnecessary to go into in this paper. It is apparent, however, that great strength is required at this point. Close attention must be paid to the method of fastening the bolt frame bar, through which the bolts pass on the main body of the door. The only proper system is that which provides for tapering bolts which run well through the main body of the door and which, in time of necessity, will impart to the bolt frames the great strength of the door itself. The bolts themselves should be so designed that their bearing surfaces, that is the points upon which they strike when the door is closed, should be as large and broad as possible. They should operate against the wedges so that when thrown they tend to draw the entire door inwardly.

The hinge mechanism is always an interesting feature of door construction. These immense weights must swing easily and freely. The door itself should stop at any point in its progress, either inwardly or outwardly, and there should be no distortion on either the hinge or entrance at any point of its swing. The hinge itself is so constructed that the door may swing into its entrance on parallel lines so that there need be no clearance provided for the jambs.

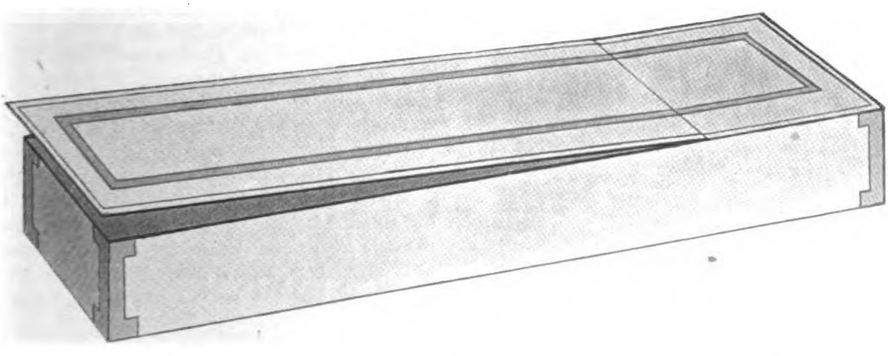
In the brief space of one article it is, of course, impossible to deal at all fully and adequately with this all important question of bank vault protection. Enough possibly has been told to emphasize several facts: That the banker purchasing the vault may well give most careful consideration to every detail of its construction. He may well forget the question of a few hundreds or a few thousands of dollars in order to provide himself with a degree of protection which experience has shown to be not only wise but indeed necessary. He should examine his own vaults and see whether or not they are of the older type, which will not protect him in time of need, or of the newer type, built upon scientific lines. He should also consider the newer methods of attack which have been briefly touched upon in the first part of this article. He may feel certain that the high grade vault manufacturers now in the business feel their share of responsibility and are strongly desirous of putting out of their factories nothing but the best that money can buy to protect both the banker and the community. They always stand ready to co-operate with the banker himself in improving their product so as to make attack by the burglar, the mob, or burning, absolutely futile.

HOW THE CARNEGIE SAFE DEPOSIT COMPANY OF NEW YORK IS ADVERTISING.

THE object of the originators of this advertising device was to give a visible demonstration to prospective customers of the size of box offered, and also to hit upon some method of insuring the delivery of the advertising matter to the person addressed.

The paste-board box is a model of the exact size of a $5 box offered in the Carnegie vaults, made of a card board stock, colored to represent the bond box going into the steel safe occupied by the renter.

The fac-simile certificate was used with the object of representing an actual certificate as it would lie in the box in order to show its capacity. There is nothing in the wording to intentionally mislead the recipient, although it is set up in such a



Pasteboard Box. Exact Replica of a $5 Safe Deposit Drawer that was sent to Prospective Customers by the Carnegie Safe Deposit Company of New York

way as to attract his attention and hold his interest for the moment.

The name of the party addressed is written in the fac-simile certificate and the reading matter sets forth that he is entitled to 315 cubic inches of space upon payment of the annual rental of $5.

There is in this form of advertising the element of direct appeal to the individual which ordinarily is accomplished by the personal visitation of a salesman.

The matter is enlightening to a surprising number of persons who seem to have been under the impression that safe deposit boxes were intended only for the use of those who could pay $25 or upwards. The boxes were sufficiently strong to stand delivery by messenger. Delivery was effected by messenger, each box being addressed to an individual in whose name the enclosed certificate was filled out.

MORE YEGG WORK.

A Few Banks Who Have Suffered at the Hands of Cracksmen Recently.

THE First National Bank of Exeter, Cal., loss, $7,000; private bank in Greenpoint section of Brooklyn, unsuccessful; State Bank of Corrigan, Texas, loss, $2,300; Bank of Carlisle, Iowa, loss, $4,000 and negotiable papers; State Bank of Paoli, Okla., loss, $4,000; State Bank of Centreville, Kan., loss, $1,500; Citizens Bank of Geronimo, Okla., loss, $600.

SAFE DEPOSIT NOTES.

—Safety deposit boxes for a new vault just completed have been ordered by the State Bank of Aurora, Minn.

—The Salem Savings Bank of Salem, Mass., is installing a big vault and is planning a campaign of advertising along this line.

—The First National Bank of Meriden, Miss., has installed an elaborate safe deposit department, with a custodian in charge continually during the day.

—The Commercial National Bank of Youngstown, Ohio, has completed a new building and will make a special bid for safe deposit business. The vault equipment is modern in every particular.

—A massive old style vault, which has served the Chapin National Bank of Springfield, Mass., since 1877, has given place to a new vault built by the York Safe Co. It has facilities for a thousand safe deposit boxes.

—In Trenton, N. J., a widow has been enriched to the amount of $700, which was discovered tucked behind a picture in the old Exempt Firemen's Headquarters, where it had been placed several years ago. The husband had been distrustful of the local banks.

—Some recent advertising of the National City Bank of Ottawa, Ill., contained this appeal for the safe deposit business of rural residents: "Our modern bank building is complete in every detail, and contains the best safety vaults in the country. Waiting rooms for gentlemen and a rest room for the ladies, to which everyone is invited. Should you need any advice on banking matters, we would be only too glad to serve you. Call and see us."

—The latest burglar proof safe is an invention called the carrousal or roundabout safe, which is described in the current issue of the German technical journal *Prometheus*. It is chiefly designed to baffle burglars who work with an oxygen and acetylene blowpipe.

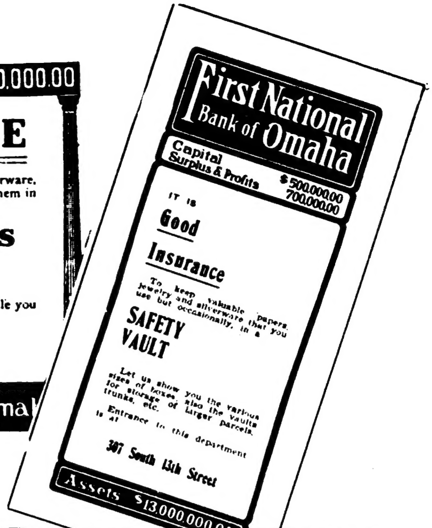
The roundabout safe is a polygonal steel structure, which revolves freely on ball bearings. It is built into a wall and when the outer door is closed a small electromotor is set in motion and the safe starts revolving ceaselessly and noiselessly on its axis within its stone chamber. Any tampering with its motion causes an alarm bell to ring.

So long as the safe continues revolving the blow pipe can have no effect upon it, as the flame cannot be applied long enough to any particular spot to make an impression.

—Joseph D. Unangst, who employed an expert to use dynamite to tear apart an old safe that had been walled in a side of the homestead, between Easton and Bethlehem, Pa., is reported to have in a strong box nearly $40,000. The combination of the safe was lost when the mother of Unangst died, nearly a year ago, and he was unable to open it. His parents, who were well-to-do farmers, were robbed eight years ago by burglars. It was then the safe was purchased. No one knew how much money was kept there, but it was generally understood that the old people had several thousand dollars about the house. Residents of the vicinity declare that Mr. Unangst's father was afraid to trust his money in a bank, and that when he was robbed his cash

PULLING FOR BUSINESS.

Some Suggestive Safe Deposit Ads.



These four ads. from the First National Bank of Omaha, Neb., show originality and merit. They proved to be good "pullers."

Dignified newspaper copy. Strong because it is one of a series of ads., with frequent change of corner designs.

Copy for daily paper. Commonwealth Trust Company of Pittsburgh.

Frank B. Finch, Advertising Manager, Commerce Trust Co., Kansas City, writes: "This ad. gave us a good waiting line in the department. It was run on Sunday after explosion Saturday."

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was hidden in various parts of the house from cellar to garret, only a portion of which was found by the burglars.

—One of the best specimens of modern vault construction is that of the Chemical National Bank in New York. This vault is forty feet below the level of the street, the foundation walls being of masonry and concrete. In the vault itself the strong room rests on a number of concrete piers. A narrow passage runs right through the sides, and by an ingenious arrangement of mirrors, the watchman passing along the gangway in front can see every part of the back and sides, as well as the open niches under the safe. The strong room itself weighs three hundred tons, the walls being composed of five layers of steel. The outer door—for there are two--has a weight of six tons, is sixteen feet high and twenty feet wide, the inner door being of proportionate dimensions. A novel feature in connection with this vault is that steam pipes run along the passages, and then in case of an attack upon the bank, jets of steam can be made to play upon the strong room, terribly scalding the burglars. The cost of this vault was $150,000, the doors alone running into many thousands.

Another remarkable device used in the same vault for contributing to the discomfort of a criminal is the telltale, disguised tinfoil curtain with which electrical wires are connected from the janitor's room in the upper part of the building. The mere pressure of a man's body upon the wall of the strong room during unusual hours will set bells of alarming loudness ringing.

CHENEY HAS PLAN TO SAFE-GUARD SAVINGS.

CHANGES in the banking law providing for the segregation of savings deposits from commercial deposits in banks and trust companies, authorization of state banks to issue time certificates of deposit, and revision of the laws relative to savings and loan associations, are among the principal recommendations made by Orion H. Cheney, State Superintendent of Banks in New York State in his annual report.

Superintendent Cheney says that, notwithstanding the provision of law which prohibits all banking institutions, except savings banks, from using the word "savings" in their business, or to solicit or receive deposits as a savings bank, there has been a growing tendency upon the part of commercial banks and trust companies to create "interest departments" and "savings departments." They advertise that they will receive in these departments deposits of from one dollar up, issuing therefor passbooks similar to those issued by savings banks, and in many cases assuring the depositors that their funds are receiving the same care as they would receive if deposited in savings banks.

"The State of New York having deemed it necessary and proper to provide ample protection for the savings of its frugal poor when deposited in savings banks," says the report, "it is certainly neither consistent nor right to permit other institutions chartered by the state to solicit and receive smaller deposits without requiring that such deposits shall be given like protection."

Superintendent Cheney recommends that banks and trust companies establishing or maintaining interest or savings departments for the frugal poor be required to invest the deposits in such departments in accordance with the laws governing the investment of savings bank funds. He also recommends that the laws governing building and loan and co-operative savings and loan associations be revised and codified, since at the present time they are organized under no less than five different laws.

Superintendent Cheney finds the general banking situation to be greatly improved. The resources of the savings banks from July, 1908, to July, 1909, in this state increased upward of $71,000,000; those of the trust companies, $318,000, and those of the state banks of deposit and discount $44,000,000. The increase in resources of all the institutions under the supervision of the banking department shown during the fiscal year was $435,000,000.

CREDIT FACILITIES FOR HOME BUILDERS.

HOW THE BUILDING AND LOAN ASSOCIATIONS ARE HELPING PERSONS OF MODERATE MEANS.

By H. A. Theis, Second Vice-President of the Franklin Society for Home Building and Savings, New York.

THE desire for home owning is one of the underlying factors in political or social economy, and yet in New York City, the metropolis of America, the proportion of people owning their own homes is less than in any other city on the continent. It is not because of any want of space that this is so, for what a grand opportunity is open to New Yorkers in the outlying districts within a radius of forty miles from the City Hall. Why, then, is it that we find here so small a proportion of individual homes? The simple answer is the lack of credit facilities for this form of development. It is needless to mention here what the benefits would be, not only to the individuals themselves, but also to the community at large, from a general movement into the country.

As a basis for credit what in this world is safer than a first mortgage secured by the home in the Metropolitan District? Give the home seeker a ready and just market and you will give him a stimulus which will result in an almost unlimited growth in independent home-owning. The French people have long ago solved this problem and the solution has given rise to one of France's strongest financial institutions, the Credit Foncier. This institution has arrangements providing for the repayment of mortgages in monthly installments according to definite plans ranging from ten to seventy-five years. In this country the building and loan associations are gradually entering the field and supplying the credit facility so substantially furnished by the Credit Foncier.

The people have in the savings banks in New York City deposits aggregating many millions, made up of amounts averaging perhaps less than $150 to the account. Would it not seem natural that these funds should be applied to the people's needs? But are they? Examine your savings bank investments and you will find them to be made up of government and railroad bonds and large denomination mortgages. It is true that there are institutions which are lending in small amounts upon straight mortgages, commonly so called, but this form of mortgage is entirely unsuited to the needs of the average borrower. His mortgage is a distinct obligation coming due in two or three years and must be met or renewed. In either case the operation is worrisome and expensive. It should always be kept in mind that the ordinary business man, salaried man, or laborer, has not the credit facilities which the more influential enjoy. Furthermore, he is usually ignorant about the details pertaining to real estate and real estate loans, and rarely, if ever, fully understands his obligations. If he is so unfortunate as to have his mortgage come due when the holder needs his money, even though the security is good and he has made his interest payments promptly, he must pay off, and the expenses of title search, mortgage tax and drawing and recording of papers in obtaining a new loan are very heavy. Now, if money is scarce he may not be able to get a new loan and loses his home by foreclosure. If he is fortunate enough to have his mortgage extended, he is nevertheless compelled to pay for a short period search and extension agreement. And, while the face of his mortgage may read five per cent., he is actually paying seven or eight. Instances of individual suffering under this mortgage system are known to us all. Give the borrower a form of mortgage suitable to his needs and you will free him from cramped quarters in the city and give him a home in the country, where he and his family can enjoy life.

Just such a mortgage has been devised and is now used by several building and loan associations in New York. The borrower makes monthly payments of $10 per thousand. The interest, at the rate of six per cent. per annum, is calculated only upon the amount of the principal due at the first of the month, so that of the ten dollars paid, each month a smaller amount is taken for interest and a larger amount credited to the principal. The whole debt is wiped out in eleven years and seven months if no more and no less than ten dollars per thousand is paid every month. Th total interest charge on a thousand dollar loan is $387.79. If he borrowed this upon a straight mortgage, at even four per cent., he would have paid in interest for that period $463 and he would still have his original debt hanging over him. This does not include any legal expenses in renewals or new loans and they would be many.

Besides being cheaper this form of mortgage has many other advantages. It encourages thrift in enabling a man by easy payments to free his property of all en-

W. A. M. VAUGHAN

First Assistant Cashier The National Bank of Cuba, Head Office Havana, and Vice-President for Cuba of the American Bankers' Association.

cumbrances. The borrower need not worry every two years with a renewal of his obligation. No power on earth can call in the principal as long as he makes his payments regularly, while on the other hand he can pay more than the required sum and in that way liquidate his debt sooner. Taxes, assessments, and insurance need not be a burden, for they can be charged to the principal and paid off in installments. His monthly payments can be readjusted as his mortgage decreases. In fact if the borrower shows promptness and integrity in his dealings he has all the requirements that will make home owning a pleasure and relief.

The building and loan association, as an institution, is somewhat handicapped because of the many and varied systems of the individual associations. Efforts are being made to induce all associations to observe certain essentials in their methods with the hope of attaining ultimate uniformity. A new law, drafted with the assistance of Former Superintendent of Bank Williams, is to be presented at this Legislature. As yet there are many things to be guarded against, and those desiring to borrow had better make full investigations before signing mortgage papers. It is no longer necessary to pay eight and nine per cent. or even seven, because there is now a market at six per cent. The institution with which the writer is connected assisted about two hundred families last year in financing their homes. The sooner it can convince people generally that it can care for their savings safely, conveniently and profitably, the larger will be its sphere in offering suitable credit facilities to the home seeker.

W. A. M. VAUGHAN.

Vice-President for Cuba of the American Bankers' Association.

W. A. M. VAUGHAN, of Havana, Cuba, is a hustling vice-president of the American Bankers' Association and starts in at once to do something for the Association and its members. He has sent out to his fellow vice-presidents for the different states and countries, the letter which we reproduce herewith and which has been copied in the Bulletins of many State Associations. The letter was as follows:

Dear Sir:

It was my privilege to be elected vice-president for Cuba of the American Bankers' Association and it is my desire to co-operate with my fellow vice-presidents in order to be of more than nominal service to the association and its members.

In regard to my country, Cuba is commercially closely associated with the different countries of the world and especially with the United States and Canada, inasmuch as she imports practically everything she consumes and exports practically everything she produces, making a reciprocal foreign market. In addition to this, Cuba is a great tourist resort in the winter.

These features make the country of increasing interest to the bankers and their customers. I wish the members of the American Bankers' Association to feel that they have in me a representative in Cuba and I will consider it a privilege to serve their interests in every possible way.

My friend, Mr. John Clausen, vice-president for Mexico, will, I am sure, be equally glad to attend to those who go to his country.

You are authorized to use this letter with your State Association or otherwise, as may be of any advantage to you.

Very truly yours,

(Signed) W. A. M. VAUGHAN,
Assistant Cashier.

Mr. Vaughan came originally from Kansas City, Mo., where he received his primary education. He began his banking career as a clerk in the National Bank of Cuba, at Havana, and has risen rapidly through every department of that institution up to his present responsible office, that of first assistant cashier.

The National Bank of Cuba has a capital of $5,000,000 with seventeen branches and with shareholders in twelve countries. It is international in character and has always been the government bank both for Cuba and for the United States during the two interventions in that country. The collections which come from every part of the world are reported to be as high as $3,000,000 per week at the head office in Havana alone.

Mr. Vaughan is also vice-president of the American Club in Havana, the membership of which includes not only all the representatives of American interests in Cuba but also of England and other countries. We are acquainted with Mr. Vaughan and know that in him the American Bankers' Association and members have a friend in Cuba. However, when it comes to money or credit they must be "duly identified" for he "comes from Missouri."

CURRENT OPINION

WEEKS FOR BANK OF $200,000,000.

JOHN W. WEEKS, congressman and member of the national monetary commission, recently addressed a session of the American Institute of Banking in Boston as follows:

The monetary commission is considering not only the currency, but also the banking needs of the country. They have collected information about banking and currency systems in different countries, as well as regarding the effect of such systems on business and commerce.

Hopes for Central Bank.

The press reports stating that the commission is prepared to report in favor of a central bank are not correct, but I hope we shall get round to the central bank conclusion. Nobody, of course, would be willing to authorize the establishment of a central bank operated on the lines of the first two banks established in the United States. But I don't think we shall settle the matter finally and right until we decide on a central bank, and we must remember that the United States Treasury is in a sense a central bank.

I would have a bank with a capital of $200,000,000, dependent on limitation of the functions of the banks, and divide it between the national banks and the public, one-half to be subscribed by the national banks in proportion to their capital, to be held by such banks during the life of their charter and not to be transferred.

Public a Half Owner.

I would sell one-half to the public, because that would popularize the bank, and, to prevent the bank getting into the hands of Wall street or any other set of men. I would limit the transfer of stock, making a close corporation of it, to 100 shares per individual. To keep it out of politics, I would have the directors elected by the national banks, the public stockholders and the President. I would limit the bank to doing business with the government and the national banks, take from the hands of the banks the government bonds they now hold as a basis for circulation, refund our national debt on a 3 per cent. basis, and provide $191,000,000 to secure the elimination and retirement of greenbacks, the necessity for which has long since disappeared.

If we had an international basis for our paper—a kind of paper that would be taken by the European banks—we should save the cost of shipping gold and greatly benefit our merchants by lowering the rate of interest in this country, and giving a currency that would respond to the necessities of trade. The only elasticity in our currency now comes from our government bond secured by circulation. Such a plan would increase the efficiency of banking and business operations in this country more than any other legislation has done during the past 25 years.

CURRENCY LEGISLATION.

A. BARTON HEPBURN, president of the Chase National Bank of New York, writing in the annual financial review of the New York Times, says:

Until Congress by proper and conservative legislation provides means whereby good, strong, conservative, well-managed banks, with ample capital and ample liquid assets, can obtain currency to meet the commercial demands of the people our laws will be very much at fault, and we can never become a dominant power so long as this country in every crisis is obliged to resort to clearing-house certificates or other temporary makeshifts to perform the office of currency. A resort to such expedients is pro tanto a suspension of currency payments, and until the world is convinced that any funds in the banks of this country can be withdrawn at any time and in any form the depositor desires we cannot hope to gain and retain financial prestige.

KNOX ON CHINA.

THE most advanced step for peace in the Far East, the elimination of the Manchuria railroads from Eastern politics and giving practical effect to the principle of equal opportunities for all, has been taken by Secretary Knox in his proposition submitted to the interested nations, looking to the neutralization of the Manchuria railways.

In answer to inquiries as to the facts in connection with the St. Petersburg report in this connection, Secretary Knox on January 6 said:

As is well known, the essential principles of the Hay policy of the open door are the preservation of the territorial and jurisdictional integrity of the Chinese Empire and equal commercial opportunity in China for all nations. This Government believes that one of the most effective, if not the most effective, way to secure for China the undisturbed enjoyment of all political rights

in Manchuria and to promote the normal development of the Eastern provinces under the policy of the open door practically applied would be to take the railroads of Manchuria out of Eastern politics and place them under an economic and impartial administration by vesting in China the ownership of its railroads; the funds for that purpose to be furnished by the nationals of such interest powers as might be willing to participate and who are pledged to the policy of the open door and equal opportunity; the power participating to operate the railway system during the period of the loan and enjoy the usual preferences in supplying materials.

Such a policy would naturally require for its execution the co-operation not only of China, but also of Japan and of Russia, who already have extensive railway rights in Manchuria. The advantages of such a plan are obvious. It would insure unimpaired Chinese sovereignty, the commercial and industrial development of the Manchurian provinces and furnish a substantial reason for the early solution of the problems of fiscal and monetary reform, which are now receiving such earnest attention by the Chinese Government. It would afford an opportunity for both Russia and Japan to shift their onerous duties, responsibilities and expenses in connection with these railways to the shoulders of the combined powers, including themselves. Such a policy, moreover, would effect a complete commercial neutralization of Manchuria, and in so doing make a large contribution to the peace of the world by converting the provinces of Manchuria into an immense commercial neutral zone.

SHAW IN FAVOR OF CENTRAL BANK.

LESLIE M. SHAW sees the central bank looming large and, perhaps, ominously on the financial horizon. As a guest of the Business Science Club of Philadelphia recently, he said that:

"The function of a central bank would be to act as a reservoir for the paper of the other banks. In this case the central bank could control and corner anything in the country; it could fix the price of any and everything. Do you want to put that awe-inspiring power in the hands of any group of individuals? I do not think so. Should one group control the bank, whether you would get money or not would depend very much on the security you had to offer them. Your security might be all right, but they might have other coal mines and railroads in view which would be more to the immediate point than yours. Yours would follow.

The United States Steel Corporation or the Standard Oil Company would afford to pay the national debt for the charter of such a bank. It would be a tenfold paying investment for them. Even at that it would pay them to spend $100,000,000 besides to get the bill through Congress.

I have no plan of my own, for all plans have been pre-empted long ago and over and over again. This country is absolutely unique. Our currency system stands condemned in every country in the world. But still we have prospered—not because of it, but in spite of it.

We must engraft and not uproot. We must engraft the element of elasticity on what we now have. The best plan for a central bank, to my way of thinking, is to have the Treasury of the United States as the central bank and the present national banks as branches.

NEW YORK PRODUCE EXCHANGE FAVORS A CENTRAL BANK.

THE following resolutions, embodying the attitude of the New York Produce Exchange toward the establishment of a central bank, were submitted to the National Board of Trade convention which convened in Washington, January 25:

Whereas, The thorough and painstaking investigation made by the National Monetary Commission of the financial system of the principal countries of Europe, the results of which have been made public, has clearly demonstrated the superiority of a central bank system in providing a stable currency always responsive to the requirements of legitimate business; therefore,

Resolved, That while recognizing the widely different conditions existing in this country the National Board of Trade is still of the opinion that the needs of the country would be most satisfactorily provided for by the adoption of a central bank system so far as such a system is possible under our complicated financial conditions, to which our present financial system should be made to gradually conform. Such a system should be so established as to be free from improper political control and of unfair predominance of influence of one section over another.

AMERICAN BANKERS' 1910 CONVENTION.

AT the last convention of the American Bankers' Association, held at Chicago, invitations were presented from various cities to entertain the next annual convention, and the invitation of the Los Angeles bankers was accepted. The last convention held on the Pacific coast was at San Francisco in 1903; a convention never having been held at Los Angeles.

Certain details in connection with the event were referred to the executive officers with power to act, and the Hotel Alexandria has been selected as headquarters. The dates for the convention have not yet been decided upon, but it seems quite probable that some time during the month of October will be the time selected. This decision will be reached by the executive officers in consultation with the bankers of Los Angeles.

CONSOLIDATED CASUALTY COMPANY.

THE Consolidated Casualty Company of Chicago, which was organized about fourteen months ago, recently purchased property at 1928 Calumet avenue, Chicago, which it will use as general offices for the company. The property has a frontage on Calumet avenue of 43 feet and is 200 feet deep. Workmen are now busy remodeling the large brick and stone building standing there.

Last November, the company absorbed the National Casualty Insurance Company of Louisville, Ky., thereby adding to its already large and rapidly increasing business in the State of Kentucky and the South. C. C. McChord, who was president of the National Casualty Insurance Company, was then made vice-president of the Consolidated, with headquarters at Louisville.

Robert B. Armstrong is president of the Consolidated Casualty Company; M. J. Wade and C. H. Burras are vice-presidents; and A. S. Mitchell is secretary and treasurer.

Mr. Armstrong, the president, is a newspaper man of a wide experience. He served at one time as first assistant secretary of the Treasury under Hon. Leslie M. Shaw, resigning that office to become president of the Casualty Company of New York. After two years spent abroad in quest of good health, Mr. Armstrong returned to this country and accepted the presidency of the Philadelphia Casualty Company of Philadelphia. In September, 1908, he resigned in order to assist in the organization of the Consolidated Casualty Company of Chicago, later to become its president. To-day the company has over two million dollars business in force, a rapidly increasing agency force in five states, over one thousand stockholders in twenty-six states, and several thousand policy holders.

HON. ROBERT B. ARMSTRONG
President Consolidated Casualty Company of Chicago.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—THEODORE ROOSEVELT.

The Old Acqueduct—Queretaro.

A MEXICAN TRAVELOGUE.*

PART II.

By R. S. Cauvin.

WE left Mexico, the "City of a Thousand Delights," at the Buenavista Station, as we had purchased our tickets so as to leave the Republic via the Eagle Pass gateway.

We had planned to make the little side trip to Guanajuato and at 7.45 the next morning we were in that charming town. Guanajuato is the Orient incarnate, and as one writer expressed it: "If camels and turbanned riders should come into the picture it would not seem over strange." The narrow, crooked streets, with their overhanging balconies; the flat roofs which serve for verandahs, meeting places and siestas; the century-old look of the houses, all seemed to transport us to an age far distant from the present. In Guanajuato you never walk on the level, but go up and down, zigzagging from side to side in a most amazing and delightful way. Our hotel we entered by one short flight of steps on one side, and it took three flights of steps to reach the street on the other. The Juarez theatre in Guanajuato is one of the most artistic and beautiful in the world. Guanajuato also has the distinction, I believe, of possessing the only catacombs in the new world modeled on those of the old world.

Historically, Guanajuato also has its place, as Hidalgo, the father of Mexican independence, was a native of that city, and a splendid bronze statue of him stands in the little park at La Presa. After Hidalgo was put to death in Chihuahua his head was brought to Guanajuato and exhibited on a spike as a warning to all other revolutionists.

*This interesting article began in the Latin America department of the January BANKERS MAGAZINE.

The water-carriers of Guanajuato have long been a favorite subject for the artist and photographer, and certainly no more picturesque subject could be found.

High up on the mountain above Guanajuato is the church of Valenciano. In order to give prestige to his place of worship, the Count of Valenciano sent to Spain for rare and costly wines with which to mix the mortar. It is said the excavations were carried out in silk bags which had previously been blessed and consecrated for that special purpose.

We found all Mexico charming, delightful, strange and interesting; but if the palm could be given to any one city, I believe it would go to Guanajuato.

At Zacatecas we did not stop, but thoroughly enjoyed the view from the rear end of the train as it made a half circle around and above the city. Here again the flat-roofed houses, which in the distance looked like children's blocks, called vividly to mind the pictures of Egypt and the Holy Land.

At Torreón one part of our train branched to the northeast, headed for the Ciudad Porfirio Diaz-Eagle Pass gateway, while the other part continued north and west to El Paso.

Some of Mexico's Progressive Cities.

As we were leaving via Eagle Pass we did not have an opportunity to pass through

On the Viga Canal, Mexico City.

The Church and Stairway at Guadalupe.

At Aguascalientes, our next stop, the ladies came into their own. For this is the city of drawn-work and embroidery. As soon as our sleeper had pulled into the depot it was met and surrounded by an animated group of men, women and children, each with an armful of silk and linen drawn-work, embroidered shirt-waists, table-covers, doilies, etc. Some of the work, so the ladies assured us, was "really beautiful" and the prices "awfully cheap." We found, however, that by steadily refusing to buy at the prices quoted, the objects decreased in value.

Aguascalientes, which means "hot waters," takes its name from the springs about a mile from the station.

We found the buildings in Aguascalientes very fine, and thoroughly enjoyed the walks and drives to the various points of interest in this quaint little town. The plaza in Aguascalientes is one of the prettiest in Mexico, and, of course, it has its band stand and bands, which seem to be a necessary part of life in the Republic of Mexico.

Chilhuahua, which usually means to the tourist the home of small dogs; but as I have since visited that city, I can assure you that it merits the translation of its name, which means: "A place where things are made." The city is the capital of the State of Chihauhua, the largest State in the Mexican Republic, and is fortunate in having as its Governor so progressive a man as Don Enrique C. Creel, who for a number of years was Ambassador to the United States from Mexico.

The city has a population of about 40,000, with prominent colonies of Spanish, German and American people. It is progressive, up to date and clean, with a good electric street railway and lighting system. The new Paseo is being lined with many handsome residences, an evidence of the wealth to be found in the city. Most of this wealth comes from the various mines in the State of Chihuahua, as some of them are numbered among the richest in the world.

The city was bombarded by the French

Country Residence of General Luis Terrazas, near Chihuahua.

Making Drawnwork in Aquasacalientes.

in the year 1866 and a broken bell is shown in one of the cathedral towers as having been pierced by a French cannon ball. Being the centre of such a rich mining district, the mineral exhibit opened at Chihuahua by the Chamber of Commerce stands as a splendid feature of Chihuahau's industrial activity. In one of the plazas of Chihuahua stands a tall column surmounted with a statue of Hidalgo, marking the place where the great patriot was executed in the year 1811.

A WIDE Street in Guanajuato.

Torreón, where our train divided itself, is a city of the new Mexico, showing clearly the commercial progress of the Republic. It is an important railroad centre and the home of a number of large industries, and having a population of about 20,000 people. From Torreón a branch of the Mexican International Railroad runs west to Durango, the Iron City of Mexico, so called from its mountain of iron, the ore of which averages seventy-five to ninety per cent. pure metal. In fact, it is estimated that within the corporate limits of the city of Durango there is iron enough to supply the world for some 300 years.

We had made a list of all our purchases, keeping a receipt for each article, and had no trouble in passing the customs-house inspection. All residents of the United States are allowed to bring into the country free of duty one hundred dollars' worth of goods, providing that it is for their own personal use and is not intended for sale. In addition to this, fifty cigars or three hundred cigarettes may be brought in free of all duties. However, this must all be declared at the customs house.

It would be hard to say what impressed us most on our trip through Mexico. I believe, however, that it was our own previous ignorance concerning the country, a state of mind that we held in general with most of the people of the United States.

A Street in Zacatecas.

Mexico City, which we expected to find hot and sultry from its location in the tropical zone, we found cool and refreshing, due to its elevation and the surrounding mountains that are covered with snow the year round. The streets were clean, the

The Wax Gatherers—Colima.

air untainted with smoke and soot, the parks and driveways far surpass any that we have in the United States, the people were a constant delight, and the flowers glorious. It is a city far better lighted and policed than our own large cities. But the chief pleasure derived from our trip was the complete change from the ordinary routine of life that surrounds one no matter in what part of his own country he may travel, and one and all, we left Mexico with the feeling that we would come again soon to know more intimately the land with which we had just become acquainted.

GOVERNING BOARD OF THE INTERNATIONAL BUREAU OF AMERICAN REPUBLICS.

Portraits by Courtesy of the International Bureau of the American Republics.

JOHN BARRETT
Director International Bureau of the American Republics.

PHILANDER C. KNOX
Secretary of State of the United States. Chairman Ex-officio of the Governing Board.

FRANCISCO J. YANES
Secretary International Bureau of the American Republics.

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1.—Joaquim Nabuco,* Ambassador of Brazil.
2.—Don Francisco L. de la Barra, Ambassador of Mexico.
3.—Don Epifanio Portela, Minister of the Argentine Republic.
4.—Don Ignacio Calderon, Minister of Bolivia.
5.—Don Anibal Cruz, Minister of Chile.
6.—Don Joaquin Bernardo Calvo, Minister of Costa Rica.
7.—Don Carlos Garcia Velez, Minister of Cuba.
8.—Don Emilio C. Joubert, Minister of the Dominican Republic.
9.—Don Luis Felipe Carbo, Minister of Ecuador.
10.—Dr. Luis Toledo Herrarte, Minister of Guatemala.
11.—H. Pauleus Sannon, Minister of Haiti.
12.—Dr. Luis Lazo Arriogo, Minister of Honduras.
13.—Don C. C. Arosemena, Minister of Panama.
14.—Don Felipe Pardo, Minister of Peru.
15.—Don Federico Mejia, Minister of Salvador.
16.—Dr. Luis Melian Lafinur, Minister of Uruguay.
17.—Dr. Pedro Ezequiel Rojas, Minister of Venezuela.

* Deceased.

INVESTMENTS IN NICARAGUA.

AMERICANS have always been dominant in the commerce of Nicaragua and have generally exported from it and imported to it not only more in value than the business done with any other Central American republic, but far more than all European countries combined. Nicaragua has been almost solely dependent on the United States as a purchaser of its products, and quite as dependent on it for its supplies. Americans have at times obtained large concessions from Nicaragua to harvest its lumber, grow its coffee, mine its silver and gold and cultivate its fruits.

In operating the tracts of land under concession large investments have been made in railways, steamships and river craft, mining and agricultural machinery, telephone and telegraph lines and wireless equipment. Unfortunately, no record has been made of the extent of these investments in dollars and cents, and no statistics of them are available. It is known, however, that many millions have been put into the equipment of American enterprises in Nicaragua, and that with a trustworthy government established many more millions would go there. The times are ripe for connecting the scattered railway lines which Americans have built with those constructed by the government, and erecting a continuous line from the Atlantic to the Pacific, a long standing need of all Central America. This can readily be done.

American trade statistics prepared by the International Bureau of American Republics, and published last June, show that this country imported from Nicaragua for the current year dutiable products valued at $2,492,485, and sold there $1,914,961 worth of supplies. Bananas formed an export value of $531,133; gold, $389,357; rubber, $89,275; gold amalgam, $65,391; cocoanuts, $4,589, etc. The total annual trade of the United States with Nicaragua, dutiable and free, may be said to vary from $5,000,000

to $7,000,000, according to the amount of that country's total production, or about nine-tenths of all its exports and imports.

Nicaragua's mahogany industry is at a low ebb at present, owing to Zelaya's arbitrary cancellation of American concessions to cut and export the trees. One of these concessions covered the entire Atlantic coastal half of the country, and President Zelaya was forced to settle with the New York holders of it for $600,000. On September 18 he paid $50,000 as the first installment on the settlement. Whatever government succeeds him will be obliged to pay the balance, as the agreement was filed at Washington and accepted by the State Department. Nicaragua, however, by cancelling the mahogany concession came into possession of an extensive railway system built by New Yorkers to handle logs and supplies and run both by log engine and mule power. All that is necessary to make it valuable to the country is to equip it with rolling stock. At present natives are running out mahogany logs for shipment here.

The banana trade is handled by steamships owned by New Yorkers, which land the fruit at New York or New Orleans, according as its destination is east or west. The largest American concession covers 15,000 acres, productive of 100,000 plants. From Bluefields alone 1,298,000 bunches of bananas were shipped to this country in the year ended June last. Enormous coffee plantations owned by Americans shipped to the United States 16,800,000 pounds of beans in the same period. Refined sugar sent here amounted to 4,000 tons.

Americans operate over 100,000 acres of

mining concessions, mostly along the east coast, well equipped with railways, telegraph lines and river boats. The United States Government practically controls the wireless telegraphy of the country, having a large plant on Swan Island, supplemented by stations run by a fruit company.—*The New York Tribune.*

BANKING INSTITUTIONS OF PARAGUAY.

PARAGUAYAN banks located in the capital are the Banco Mercantil, Banco de la República and Banco Agrícola or Agricultural Bank.

The Banco Mercantil, organized in 1891 with a capital of P300,000f, had a paid-up capital in 1907, the latest year for which a record is available, of P20,000,000 ($1,600,000). In the same year cash was represented by $77,106,542; accounts current, by $53,044,161; discounts, by $4,285,232; sight deposits, $1,189,910; term deposits, $784,387; savings accounts, $182,000; and reserve, $416,000. This organization has been a profitable and successful enterprise, according to United States Consul Norton, since its inception, and much of the stock is held in Europe.

When, in 1907, the bank decided to augment its capital, the additional stock issued, amounting to P10,000,000 ($800,000), was sold immediately at twenty per cent. above par. The dividends paid during the seventeen years of its existence have ranged from twenty to twenty-three per cent.

In December, 1908, the new bank building was occupied. It is a very handsome structure of artistic design and decoration.

The Banco de la República was formally opened for business on June 30, 1907, taking over the accounts and business of the Banco Paraguayo, which had been founded in Asuncion in 1905. Its authorized capital is $20,000,000, of which $6,000,000 has been paid in. The bulk of the stock is owned by the Banco Frances y Rio de la Plata, of Buenos Aires, and the Paraguayan Government is a subscriber for $2,000,000 in shares. The stock held by the Government is not transferable without the approval of the general stockholders, who are largely individual capitalists.

Among other important national privileges granted to the bank are the right of issuing paper, nickel and silver money to an amount equal to one dollar gold per each inhabitant; the preferential right to be the finanical agents of the Government; the exclusive privilege of effecting treasury operations; the exclusive right of receiving Government funds on deposit (which bear, however, the same rate of interest paid on private deposits); preferential privileges in case of the bankruptcy of a debtor; and exemption from all forms of taxation, whether national or municipal.

The intervention of the State, while limited to its rights only as a stockholder, is strengthened by the Government having an inspector, who is charged with the examination of the operations of the bank.

The Agricultural Bank is a purely governmental establishment founded for the purpose of protecting and aiding agricul-

tural enterprises. The capital is P14,531,-283 ($854,778). Monetary advances are made to planters, and products of the farm are purchased at a fixed and equitable price, thus insuring a ready market and immediate cash to producers. Several millions of dollars have been loaned to small farmers throught the Republic on liberal terms and at a low rate of interest. Furthermore, the bank has a corps of instructors stationed in different sections, both to assist the farmers regarding the preparation of soils and the cultivation of crops and also to distribute seeds. Special attention is devoted to tobacco production and efforts are being made to improve the quality of the native leaf.

MEXICAN NOTES.

—That Ontario manufacturers are sending goods to Vancouver over a Mexican railway in preference to the Canadian transcontinental routes, is shown by the sailing of the Bornu from Montreal with 1,200 tons of general merchandise on board for Puerto, Mexico. From that point it will be sent across country to Salina Cruz, the Pacific port, and up the coast to Vancouver and British Columbia ports. Shippers declare they find it cheaper to send certain products by this roundabout way than over the comparatively short distance across the continent. The majority of cargoes come from central Ontario.

—The new bank of the Compania Bancaria de Paris, of Mexico, with a capital of 10,000,000 pesos ($5,000,000), was opened for business at Mexico City on January 4. The new company is fitting up elegant quarters on Calle del Angel, in the neighborhood of the retail dry goods district, where are located some of the big French department stores of Mexico. It will make a special bid for European, and especially French, patronage. Its particular object is to increase the trade and business relations between Mexico and France. The officers of the bank are: Humberto Andragnez, manager; Emilio Bersinger and Pablo Ritter, assistant managers.

—Henry Lane Wilson, now filling the office of United States ambassador to Belgium, has been chosen by President Taft to be ambassador to Mexico. Mr. Wilson has also served his country as minister to Chile and is well liked in diplomatic circles.

—On December 31 the Vera Cruz Banking Company of Vera Cruz reported $1,-208,846 of immediately available resources, a surplus (earned) of $50,000, and deposits of $583,207. Net profits for the year were $79,364.

Banco de Sonora Branch at Chihuahua, Mexico, as illuminated during the visit of President Porfirio Diaz to Chihuahua, October 13-14, 1909.

When this dam is completed, Mexico City will have one of the finest systems of water supply in the world.

—According to its statement of December 31, 1909, the Banco de Querétaro of Querétaro, Mexico, had in the main office and branch in gold, $421,740; silver, $266,778; fractional coin, $31,123; notes of other banks, $29,825; loans immediately realizable, $493,505.

The capital of the bank is $1,000,000; reserve fund, $47,374.46; deposits at sight, $63,317.98; time deposits, $825,362.38; notes in circulation, $1,062,835. The total of the balance-sheet on the date named was $3,604,202.55.

The Bank of Querétaro has a branch at Irapuato, in the State of Guanajuato, Mexico, and agencies at Colón, Amealco, Huimilpan, San Juan del Rio, Tolimán, Tequisquiapan, in the State of Querétaro, and at San José, Iturbide, San Miguel Allende, Dolores Hidalgo and Apaseo, in the State of Guanajuato.

Its correspondents in Mexico City are the Banco Central Mexicano and the Banco International é Hipotecario; in New York, Brown Bros. & Co.; in London, Samuel Montagu & Co.; in Paris, Société Générale; in Hamburg, Gust. Struck & Co. Sucs., and in Madrid the Crédit Lyonnais. The manager of the Bank of Querétaro is C. Kofahl, and the cashier, J. M. Rubio.

—On October 12, 1909, the Government of Mexico authorized the National Railway Companies to build a railroad from the capital of the State of Durango to Llano Grande, in said State. The entire line is to be completed within a period of three and one-half years.

—The Banco Minero of Chihuahua, Mexico, reports a capital stock of $5,000,000, a surplus fund of $1,413,077, undivided profits of 375,000, deposits of $10,251,692, and total resources of $20,671,072. From October 31, 1909, to November 30, 1909, there was a gain of over a million dollars in deposits.

—For November 30 the Banco de la Laguma, Torreon, Coahuila, reports a capital of $6,000,000, a reserve fund of $23,896, total resources of $9,498,843.

—Within a radius of seventy-five miles of Tampico there exist the most abundant and valuable petroleum and asphalt deposits yet discovered in Mexico, and great interest and activity is being manifested in their exploitation.

Most of the capital employed in the development of the different branches of the industry in this section of Mexico is American, and the company most heavily intersted, and in fact the pioneer in this field, is the Mexican Petroleum Company, an American concern, with headquarters at El Ebano. This company owns in fee simple

about 250,000 acres of land, which it has been developing at different localities for the past five years. The work has progressed to such an extent that the company now has over thirty producing wells, a large number of storage tanks, all of its departments specially equipped with modern facilities for handling the output, and it is now building a pipe line 100 kilometers (sixty-two miles) to run from its new fields in the State of Vera Cruz to Tampico. The handling of most of its output does not require a pipe line, as the wells are conveniently located to rail or water transportation. The output is consumed by the Waters-Pierce refinery of Tampico, and by the National Railroad of Mexico, from fifty to fifty-five cents gold being paid for the crude product. Other prominent American operators in this section are the Harriman interests, the Mexican Fuel Oil Company, the Mexican Fuel Company, C. H. Rathbone, and the McKay interests, a collateral branch of the Rio Bravo Oil Company. S. Pearson & Sons (English) are also operating near Tuxpam and building a six-inch pipe line to run from their fields to Tuxpam. The well belonging to the latter and the Pennsylvania Oil Company, which was brought in on July 4, 1909, at Dos Bocas, about half way between Tampico and Tuxpam, and which later was completely destroyed by fire, has been pronounced by several experts to have been the greatest well that has ever been known in the history of the oil industry of the world, its output having been estimated from 300,000 to 500,000 barrels daily.

The wells in the vicinity of Tampico range in depth from 800 to 2,500 feet and vary in production from 100 to 2,000 barrels daily. The oil is heavy and viscous and is mostly used in its crude state as a fuel. Under distillation about thirty per cent. fractionates into a good grade of naphthas and illuminants. The heavy or malthitic product is converted into asphaltum by the removal of a ten per cent. distillate. These asphaltums, for which there is a good demand, delivered in Mexico City, sell for $40 gold per ton. Their exportation is also increasing through this port, most of which goes to Germany.

Land located within this oil belt is still being sought and acquired with a view to exploitation. The interest in this industry continues, and is augmented, in fact, by the successful development work already accomplished, and by the excellent river, rail and maritime transportation facilities which the port of Tampico affords.

—The semi-annual statement of the Mercantile Banking Company of Mexico City reads as follows: Loans and discounts, $1,494,860; real estate, $18,665; stocks and bonds, $276,942; furniture and fixtures, $17,831; bank building lease and improvements, $70,424; cash and deposits with city banks, $1,724,928; with banks in the Republic, $423,124; with foreign correspondents, $203,655. The capital is $500,000; surplus, $100,000; undivided profits, $62,290; and deposits, $3,593,141. The total resources are $4,230,432. The bank is a member of the Mexico City Clearing House, the American Bankers' Association, and the Texas Bankers' Association.

GENERAL NOTES.

—John Barrett, director of the International Bureau of American Republics, in recognition of his efforts to develop closer relations of commerce and friendship among the American Republics, has been decorated by the Government of Venezuela, through Minister Rojas, with the order of the Bust of Bolivar, second class. This order is the only one given by an American Republic. Its first class is conferred exclusively on chiefs of States.

—Speyer & Co. of New York have negotiated the sale of £1,500,000 first mortgage five per cent. bonds of the Bolivia Railway Company to the Banque de Paris et des Pays Bas, Paris, and the Société Suisse de

Banque et de Depots, Lausanne, a branch of the Société Générale, Paris.

—That the Banco Español del Rio de la Plata, one of the big banks in the Argentine Republic, is making rapid progress can be gathered from the fact that during the month of November it opened branches in Tres Arroyos, Concordia, Coronel Suarez, San Pedro and América, and in December branches in Guamini, Carhue, Rio Janeiro, Mar del Plata and Salliqueló.

—Arthur Davie, accountant of the Montevideo branch of the London and River Plate Bank, has been appointed sub-manager of the Buenos Aires branch. C. H. Fuller has been appointed accountant at Montevideo.

—A bill has been introduced into the Congress of Ecuador providing for the raising of a loan of £250,000 and the establishment of new banks in different parts of the country, for the purpose of developing the agricultural, commercial and industrial resources of the Republic.

Another bill has been introduced providing for the raising of a loan by the sale of an issue of £2,000,000 interest-bearing bonds, the proceeds to be applied to the payment of that part of the internal debt which is secured by the fiscal revenues and to the payment of the floating debt, the surplus to be spent in the public works of the country.

—It has been proposed by Señor Don Rufino Varela, ex-Minister of Finance of the Argentine Republic, that one of the features of the approaching celebration of the national centennial should be an alteration in the existing monetary system of the country. The change is designed to avoid the necessity of keeping dual accounts in gold and paper dollars by creating a new monetary unit as the medium of exchange, which would do away with the troublesome calculations rendered necessary by the present exchange value of the paper dollar—forty-four hundredth parts of the gold dollar.

—By a decree of September 22, 1909, the Government of Honduras appointed Juan E. Paredes and Paulino Valladares its financial agents to represent the government in negotiations with the banking house of J. Pierpont Morgan & Co. relating to the payment of the foreign debt of the Republic, the strengthening of the national credit, and the construction of the proposed interoceanic railway.

—A law enacted by the Colombian Congress provides for a reduction of the consular tariff to three per cent. of the value of merchandise of every class. The former tariff divided commercial invoices into four classes, as follows:

Class 1—Invoices of certain articles whose importation was declared by the Minister of Finance to be of public benefit, the cost of certification being $9.

Class 2—Invoices of value not exceeding $200; cost of certification, $18.

Class 3—Invoices of value exceeding $200, but not exceeding $500; cost of certification, $24.

Class 4—Invoices of value exceeding $500; price of certification, $30 for each $1,000 in value and fractional part thereof.

—The South American Fruit and Steamship Company, organized at Baltimore, Md., with Martin H. K. Paulsen, president, under a capital of $300,000, will establish a line of passenger, mail and fruit steamships between Norfolk, Jamaica and Cuba. Four steamships have been chartered, including the Senator, Fagertun and Thora, all of which fly the Norwegian flag.

—Experimental efforts directed toward cattle raising in Nicaragua have demonstrated the fact that prime beef cattle can be grown upon land in the Rio Grande Valley at a cost of $5 per head. Delivery can be made to a local packing house at a net cost of one-half cent a pound, as against six to eight cents of cost to the Chicago packer. Inasmuch as freight rates from the mouth of the Rio Grande to Europe do not exceed those from New York, the inference may be drawn that opportunities for a profitable development of the industry are not wanting. The country contains vast areas of suitable grazing land.

—A weekly steamship service between the Piræus, Greece, Boston and Buenos Aires, by way of Alexandria, Egypt, was inaugurated on October 16, 1909, by the sailing on that day of the first vessel from the Piræus. It is expected that the new line will not only do much to increase the growing trade, but also the large third-class traffic between the Levant and the Argentine Republic.

A fifteen-year contract was signed on October 13 by the Austrian Government and the Austro-American Steamship Company, according to the terms of which this company will inaugurate, on January 1, 1910, a rapid service between Trieste and Rio de Janeiro, Santos, Montevideo and Buenos Aires.

—One of the last acts of the regular session of the Peruvian Congress was to guarantee an interest of six per cent. on the capital to be invested in the construction of the Chimbote to Recuay Railway, referring only to the section to be built between kilometer 105 and Recuay. This guaranty is limited to the sum of £35,000 ($170,327) per year.

—Petroleum wells which have been sunk in the Argentine Republic throughout Mendoza, Neuquen, Jujuy, Salta and Chubut, have yielded a product which compares favorably with that of the wells of Pennsylvania and Ohio.

—Minister H. W. Furniss, at Port au Prince, sends information that on October 5, 1909, articles of incorporation were approved and license to do business in Haiti was granted to a banking concern styled "Banque Haitenne," to operate under the Haitian laws.

—The Banco de Guatemala of Guatemala, Central America, was established June 15, 1895, with an authorized capital of $10,000,000, of which $2,500,000 is paid up. It has also $2,171,766.10 reserve fund and $500,000 special reserve. On June 30 last the statement showed: Cash, $2,803,451.40; deposits at sight, $4,545,703.19; other deposits, $219,738.19; notes in circulation, $19,236,740.

Profits for the last year were $860,902.42, from which $500,000 was paid in dividends and $281,560.42 added to the reserve fund. Carlos Gallusser is the manager and the other directors are: Louis G. Schlesinger, Adolfo Stahl and D. B. Hodgson.

Following are the principal foreign correspondents of the Bank of Guatemala: New York, G. Amsinck & Co.; San Francisco, the London Paris National Bank of San Francisco, the Anglo Californian Bank Ltd.; New Orleans, Whitney Central National Bank; Mexico, Banco Nacional de Mexico; Hamburgo, Hamburger Fillale der Deutschen Bank, L. Behrens & Söhne, Carlo Z. Thomsen; Bremen, Carl F. Plump & Co.; Madrid, García Calamarte & Cía; Paris, de Neuflize & Cie; Londres, Deutsche Bank (Berlin) London Agency, A. Ruffer & Sons; Rome, Banca d'Italia.

—The Necaxa dam in Mexico, when finished, will be the largest dam on the North American Continent. It will be 165 feet high and will contain 2,000,000 cubic yards of material.

—The director of the Mexican federal agricultural station at Oaxaca has issued a full report describing the work now in progress. There are now being constructed offices, laboratories, museum, observatory,

dining halls and dormitories, as well as residences for the faculty and employes. Several hundred acres will be used for agricultural experiments, which will be watched by the students. The electrical sugar mill has been put in shape. French plows have been put in service and are giving the best of results. An English dairy outfit of the latest type has been ordered, and incubators and brooders are now in transit. Great attention will be paid to sugar cane and alfalfa; also to the cultivation of silk worms.

EGYPTIAN MONEY.

IN transmitting the following information, Consul-General Lewis M. Iddings, of Cairo, writes that from the commercial correspondence with his office concerning the reduction of Egyptian money to American equivalents, the monetary standard of Egypt does not seem to be understood in the United States:

The legal standard is the Egyptian pound, containing 7.4375 grams of pure gold. The gold pars of exchange with Great Britain and the United States, therefore, work out nominally as follows: £1 equals 98.45 piasters tariff; $1 equals 20.23 piasters tariff. One Egyptian pound (£) equals 100 piasters tariff, which equal $4.943.

The currency of Egypt consists almost exclusively of British sovereigns, which are legal tender at the fixed rate of 97.5 piasters. The real monetary standard of the country is therefore the British sovereign, divided into 97.5 piasters, and the real gold pars of exchange with Great Britain and the United States are: £1 equals 97.5 piasters and $1 equals 20.03 piasters. The following table is therefore worked out: One piaster=4.9925 cents, practically 5 cents; 5 piasters=24.9625 cents, practically 25 cents; 10 piasters =49.9225 cents, practically 50 cents; 20 piasters=99.85 cents, practically $1; 100 piasters, or £1 Egyptian=$4.9925, practically $5.

The difference between £1 Egyptian and $5 in American money is only .0075 of $1, of 7½ mills. To reduce a sum in Egyptian pounds to dollars, it seems fair, therefore, to multiply by 5, the difference on £1,000 Egyptian being only $7.50 and on £100,000 Egyptian only $750. To call £100,000 Egyptian $500,000 is inexact to the extent of $750.

The difference between the real and nominal pars of exchange, amounting to nearly 1 per cent., is due to the fact that the legal-tender value given to the British sovereign in Egypt is less to that extent than its gold equivalent in this nominal Egyptian currency. No issue of Egyptian gold coin took place in 1908, nor for a long time previously. There were minted, however, in 1908, for private persons, who wished to use them as ornaments, 117 pieces of £5 Egyptian; 5,000 pieces of 10 piasters tariff; and 7,750 pieces of 5 piasters tariff each. No silver coins were minted.

There is really no exchange business between the United States and Egypt. Transactions are generally through London and Paris. The sale in Cairo of drafts upon the Treasury of the United States Government at 15 days' sight involves a considerable loss. The banks as a rule give 19.5 piasters tariff to the dollar, so that on $100 the United States Government loses 53 piasters, or $2.645. Drafts on France or England sometimes sell at a premium; on the United States always at a loss.

NEW SUPERINTENDENT OF BANKS IN MINNESOTA.

J. B. GALARNEAULT, Superintendent of Banks, Minnesota, received a common and Normal school education. In 1886, at the age of twenty-three, he was elected County Supt. of Schools of Benton County and in 1888 was elected County Auditor, which office he held for six years.

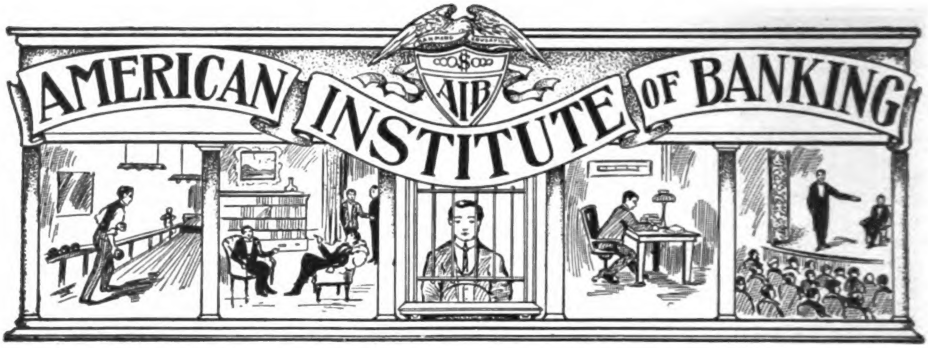
In 1895 Mr. Galarneault accepted a position as bookkeeper with the Aitken County

J. B. GALARNEAULT

Superintendent of Banks in Minnesota.

State Bank and the following year he was made assistant cashier, and in 1897 was given the cashiership, which position he held until the fall of 1909, when he was appointed Superintendent of Banks by the late Governor Johnson.

The Department of Banking is a new office in the State of Minnesota and was created by the last Legislature. Prior to that time, the state banks and other financial corporations were under the supervision of the Public Examiner.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

A CENTRAL BANK.

Address Delivered by R. P. Kavanagh of the New York State Banking Department Before New York Chapter, American Institute of Banking, January 13, 1910.

ONE of the first matters that Alexander Hamilton took up when he became Secretary of the Treasury, was the establishment of a national bank. He regarded this as the most essential method of the settlement of the condition of the financial affairs of the government at that time.

Jefferson and his friends in the House of Representatives opposed the measure, taking the stand that the establishment of a national bank by the government was unconstitutional. Hamilton, however, maintained that the government had a right to organize such a bank under the Constitution, and after much discussion of the measure in Congress, a bill incorporating the First Bank of the United States was passed and signed by Washington, February 25, 1791.

The capital of the bank was $10,000,000, $2,000,000 of which was subscribed for by the government and the balance by the public. The home office of the bank was in Philadelphia, and it had eight branch offices in as many cities.

The bank, having been unable to obtain a new charter, had ceased business on March 4, 1811, the banking house and most of its assets being taken over by Stephen Girard, who started immediately the Girard Bank, which became afterwards the Girard National Bank. The First Bank of the United States appears to have been well managed and to have served the government to advantage.

Strong political objection to its existence appears to be the sole reason for its death.

PHOTO BY LIPPINCOTT, N. Y.

R. P. Kavanagh.

THE SECOND BANK OF THE UNITED STATES.

The need for a national bank became evident again in 1814, when a petition was presented to the House of Representatives on January 4 of that year, asking that an act incorporating a national bank be passed. The purpose of this petition appears to have been to sustain the public credit. A bill was introduced along the lines of the peti-

tion and passed by Congress, but vetoed by President Madison. Mr. Dallas, Secretary of the Treasury, on December 24, 1815, outlined a plan for a national bank. He proposed that a charter be granted for twenty years, to expire March 3, 1836. A bill was finally passed embodying his ideas, the bank having a capital of $20,000,000. The bank went into operation January 7, 1817.

The institution appears to have had more or less of a stormy career, having commenced business at a period when financial conditions of the country were very unsettled, and was afterwards drawn into the political issues of the day. President Jackson opposed granting a new charter to the bank and was successful in defeating the bill rechartering the bank. His opposition appears to have been based on political motives principally and the Second Bank of the United States ceased to do business at the expiration of its charter.

It can be seen from the foregoing that a national or central bank was unable to become a permanent institution of our government owing to the changing economic and political views held during the days of their existence.

A Central Bank of Issue.

The question of establishing a central bank has come up again, but the idea has not been prompted by the motives that were responsible for the formation of the two national banks in the early history of our government. The reasons at that time appear entirely to have been to finance the affairs of the government and to sustain public credit.

The lessons of the panic of 1907 clearly show the necessity for a central bank of issue that will be the means of giving more elasticity to our currency and making it more responsive to the needs of business. President Taft has advocated such a bank and the scheme has the support of the American Bankers' Association.

In regard to giving more elasticity to the currency of the country during periods of business depression, this could be done by putting into circulation, through the medium of a central bank, currency issued against rediscounted paper of banks throughout the country, thereby providing the communities with the necessary exchange to carry on their business.

Besides providing a medium of exchange during business depression, the bank would serve to correct a most serious defect in our currency system by its note issuing function during business activity. Our present note issuing system, being based on bonds, is regulated not according to the volume of business, but according to the price of bonds. This, you will admit, is an unnatural system.

Trust Control.

One of the objections advanced to the establishment of a central bank is the fact that the control might fall into the hands of some coterie of financiers, who would control its business to the detriment of the general community, thereby defeating the very object for which it was established. This, to my mind, could be obviated if the National Bank Act were to be amended so as to compel the national banks of the country to have a certain portion of their capital stock invested in the central bank. In this way the national banks of the country would become stockholders of the institution and the possibility of it being controlled by any one group of financiers would be most remote.

Political Control.

Every time the central bank is suggested the objection immediately comes up that it would be controlled by political interests. This does seem to be the most difficult phase of the whole project. It seems to me, however, that politics could be kept out of the institution by permitting the stockholders, who would be the national banks of the country, to elect a majority of the board of directors, the selection of the balance being vested in a committee to consist of the President of the United States, the Secretary of the Treasury and the Comptroller of the Currency. In this manner the national banks would be actuated to elect the men to the board of directors who would give them the best possible service, disregarding political influences, and the government would have proper representation on the board.

Washington—the Central Office.

I would be in favor of making the home offices of the bank in Washington, with agencies in all the present sub-treasury cities, allowing the bank to receive on deposit customs duties and other government revenues, keeping these moneys in circulation. In this way the bank would be performing a very important function, as the present independent treasury system is entirely contrary to business ethics. We now have a condition of affairs when business is active, customs duties on the increase, the funds of the country are tied up until such time as the government makes its regular disbursements. A central bank could be made the means of keeping these moneys at the service of business.

Strict Regulations.

I believe that a central bank plan should be possessed of such restrictions as to prevent it from competing with the banks of the country. That is, it should only have note issuing functions and be the depository

for government funds, keeping such funds in the channels of business.

Of course, there would be considerable details to be worked out in connection with any plan having to do with the organization of a central bank, but I have only endeavored to touch on the subject in a general way. For instance, in regard to the character of the paper discounted, I think there should be certain fixed regulations. We find the Bank of England demands two good British names on all paper discounted, and so we have similar regulations controlling the policy of the other large central banks of Europe.

The tremendous increase in trade of our country and the enlarged scope of business transactions coming with the continued development of our industries, demand the need of a central bank, if for no other reason than to give more elasticity to our currency and afford a protection to our gold holdings.

While the American Institute of Banking is doing great work along educational lines, it seems to me that if at our next convention at Chattanooga, we would take some action towards outlining a plan for a central bank (providing, of course, nothing is done along these lines at the present session of Congress), it will be one of the greatest accomplishments in the history of the Institute.

INSTITUTE ACTIVITIES.

CHICAGO.

JAMES I. ENNIS, LL. B., instructor of the banking and commercial law class, has presented that subject in such an interesting manner that new members are being enrolled at each meeting, the roll at the present time contains the names of 159, with the possibility of reaching at least 200. This is the chapter's first attempt at conducting its own study classes, where records are kept of attendance and credits. At the last meeting of the Debating Society Mr. C. F. Hoerr, cashier of the West Side Trust & Savings Bank, addressed that society with a talk on "Banking on the West Side." He related many interesting experiences in making real estate loans on West Side property. The subject for round table debate was "Chicago Harbor Improvements," a subject in which all present displayed the greatest interest.

L. J. MEAHL.

PITTSBURGH.

PITTSBURGH chapter, American Institute of Banking, has entered upon the second half of the session 1909-10. The chapter is in a very healthy condition and it is expected that a large number of men will take the examinations this summer to qualify for Institute certificates. Two courses are being conducted, an advanced and a preliminary. As these have an attendance of about one hundred the educational committee is hopeful of securing a good number of men to compete at the examinations and competitions soon to be held.

"Chapter Clearings" is the name of our little local magazine. It is well read, and, as a section deals with items of personal interest, the clerks in each of the city banks are careful to get a copy each month.

The social side of chapter life has not been neglected. A dance was held in The Rittenhouse in December and was greatly enjoyed. There was a good turnout of chapter members. The minstrel show held in Carnegie Hall on behalf of a local charitable organization was highly successful; and the chapter members who took part are to be congratulated upon their talent, and thanked for their services so gladly given.

Pittsburgh has always given large place to matters educational. Yet the athletic side of chapter life has come in for its share. Swimming parties have been organized on several occasions, after meetings, and these took about thirty members to Duquesne Natatorium. A basketball league, also, is in full swing and some fast games have been witnessed on the floor of the Central League.

January 11 we had an address from L. C. Voss, of the American Credit Indemnity Co., New York, on "Credit Insurance in Relation to Banking." These addresses and lectures are appreciated by our members and are well attended.

The chapter has settled down to hard work, and will not let up till the last meeting of this session, in April.

WM. J. KERR.

TACOMA.

ALTHOUGH the holidays took a number of our members away temporarily, the January meeting was, nevertheless, well attended.

After the regular business of the evening had been disposed of the members present turned their attention to the next lecture in the law course on contracts.

The chapter had the good fortune to secure for the evening Judge Ernest M. Card who handled the material given him with good grace and brought out each point in a plain, forceful way. Mr. Card asked several questions at the end of the lecture besides those which came with the copy. All were handled in such manner that no doubt was left as to the general attention of the students, a fact which the judge commented upon.

Mr. Card is one of Tacoma's younger judges who has made many friends among all classes by his handling of the cases brought before him and the local chapter is to be congratulated upon having such a man appear before them.

At the present writing the treasurer has his own troubles in getting the dues in but is being strongly backed by the ways and means committee who are lending all the assistance possible, all taking time in the scramble for money to get a few new members. By next meeting it is hoped to have the members all in good standing again, with many recruits to work with the remainder of the year.

Tacoma chapter was well pleased when notice was given of the election of Ernest C. Johnson to the office of cashier of the Scandinavian-American Bank, being promoted from assistant cashier. Mr. Johnson was the chapter's first president and those who worked under him at the time keeping pace with the work as laid out by him well realize the promotion was that of a deserving, brainy, hard worker to his well earned laurels. The Scandinavian-American Bank recently bought a fine building on one of the city's best banking corners and will place themselves in one of the most up-to-date banking rooms in Tacoma as soon as the leases now running in the structure can be handled satisfactorily to all concerned.

V. W. Fell.

CHAPTER NOTES.

—Out in Columbus, Ohio, they are waking up to find that membership in the American Institute of Banking is a pretty desirable thing and the local bankers are pushing a movement started by Assistant Secretary Arbuckle of the Ohio Bankers' Association, for organization of a local chapter. A canvass of the city's twenty-four banks shows an eligible list of 250 active bankers, out of which there are 200 possible members.

—Chicago's annual banquet will be held in the gold room of the Congress Hotel, February 5. It promises to be a "swell" affair.

—Officers of Chicago's debating society, as elected in December, are: E. P. Bohn, Merchants Loan and Trust Company, president; L. J. Meahl, National Bank of the Republic, vice-president; H. W. Dorn, Commercial National Bank, secretary and treasurer. Special hat-talks are held and these furnish preparation in extemporaneous speaking for those who expect to enter the prize contests at Chattanooga next June.

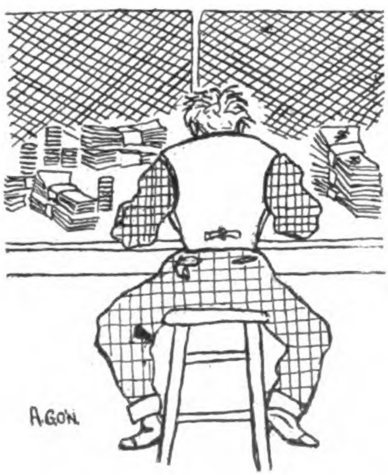
—There will be organized in Havana, Cuba, a chapter of the A. I. B. to be composed of employes of the National Bank of Cuba. Full particulars later.

—Rev. Charles F. Aked will be one of the speakers at New York chapter's banquet on February 8. Others who will speak are: William J. Burns, president of the W. J. Burns Detective Agency; Lewis E. Pierson, president of the American Bankers' Association; and Andrew McLean. The debating club held its first meeting January 17.

—At the February meeting of the Portland (Me.) Bankmen's Association, the question of organizing a local chapter will be discussed. Sentiment seems favorable and the chapter will undoubtedly be formed.

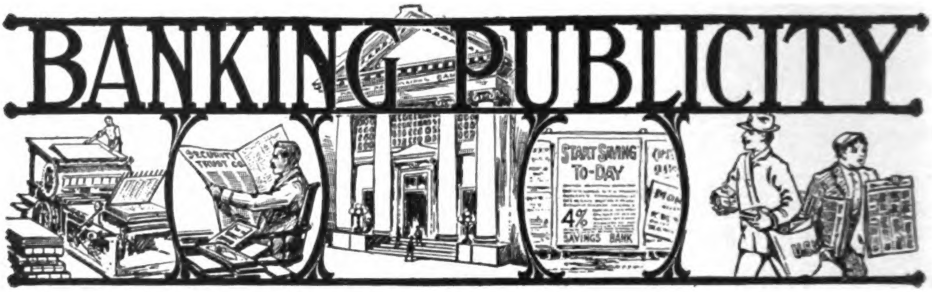
THE SONG OF THE TELLER.

He was a teller in a bank and hummed a little song;
He did his telling in a cage, thus kept from going wrong,



And this is what he ever sang where he was safely penned:
"Money, money everywhere, and not a cent to spend."

—Chicago Record-Herald.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 253 Broadway, New York.

Conducted by T. D. MacGregor.

"WHY OUR BANK ADVERTISES."

THE OPINION OF TEN BANKERS.

By C. L. Chamberlin, Osseo, Mich.

HAVING noticed the many banks that have taken to advertising the same as other business enterprises, the writer wondered what had caused bankers to enter the publicity field after having operated banks for many years without advertising. In most cases five years ago none of these banks were using any kind of advertising. The nearest approach to it was the occasional insertion in the local weekly or daily paper of a financial report with a list of the bank's officers.

These reports could hardly be termed advertising since they only appeared annually, semi-annually or at most quarterly. Furthermore they were usually published in accordance with some by-law of the bank which compelled the publication of the financial condition and list of officers at stated times.

One of the banks had run a card among those of the city's professional in which the those of the city's professional men in which the name of the four leading officers, the capital, surplus, deposits and rate of interest paid were printed. One other bank ran a similar card in which was given only the capital, surplus and deposits.

This was the nearest approach to advertising done by any of the ten banks hereafter named, all of which now use some other form of publicity.

The information that follows was obtained from ten banks in different parts of Michigan, the question asked being: "Why do you advertise now since you did not five years ago?"

BANK No. 1. A national bank established twenty-six years in a city of 10,000 population.

"We have taken up advertising because it is the spirit of the times. No business depending upon the patronage of the people can long operate successfully in this day and age without advertising. Banking differs in no way from other kinds of business. We awoke to this fact in time to apply the correct remedy to our condition and I am glad we did. I do not think we would now be running without a serious falling off in business had we not begun to advertise when we did (three years ago). I do not expect that we shall ever see a time when advertising may safely be dispensed with."

BANK No. 2. National, established thirty-one years. City, 18,000.

"We have advertised only about one year in the strict sense of the term. We formerly issued financial statements designed to show the soundness of our institution, and lists of officers intended to establish a feeling of confidence owing to their known financial strength. But I notice that you do not call that advertising. One year ago we began using a series of short talks on the advantages of banking. We ran these every week using different copy each time in the country weekly papers and changing copy twice a week in our local daily. The ads. formed a series of twelve all different and each filled three inches single column. We began the campaign and closed it with a large ad. occupying about ten inches, three columns. We had been considering some form of advertising when an ad. writer offered us this series agreeing to adapt them to our bank at a price which seemed to us reasonable so we gave them a trial. When these were used our assistant cashier tried his hand at writing ads. so we have continued them in some form since. I do not know exactly what good they have done but we always have the consolation of thinking that we

don't know what condition we might have been in if we had not advertised."

BANK No. 3. State savings, established fourteen years. City, 8,000.

"Yes, we advertise in several ways and we attribute our increase in business during the close times of the past three years to our having advertised during all this time. Our cashier got the idea while on a trip to Detroit. He purchased a correspondence course in advertising and devoted his spare time to studying it. We began with short talks on the advantages of banking. We got up a circular letter which we mailed to every young man earning over ten dollars a week and every head of a family who was receiving over fifteen as nearly as we could judge. Our patrons helped us get these names. In this letter we urged the advantage of saving a little every pay day and of course emphasized our bank as a means for saving. Many of these letters were never heard from but it was surprising how many of these people called to talk over the matter as suggested. We have more than doubled deposits since using this plan. Of course we have used other printed matter some of which gave noticeable results and some of which did not. But we are well satisfied with advertising in general and believe that by its aid it will be possible in a few years to secure all the business which is available in a town of our size."

BANK No. 4. State savings, established ten years. City, 8,000.

"We have advertised on a small scale for about two years. We have bought our ads. from an ad. writer in F——. He adapts his ads. to our business and plans all the work for us. We have used a regular ad. of four inches single column, about once in ten weeks running double space or larger. We believe our business has been increased but have no figures which prove it to be the result of advertising. We shall continue on the same plan for the present."

(This bank is just beginning to see light and if the ad. writer is efficient it may yet come to appreciate what advertising really is).

BANK No. 5. National, established forty-one years. City, 5,000.

"Our bank was organized and built up before the days of advertising so we cannot assign any of our past success to that service. Our patrons know us and their fathers knew our fathers. We are known throughout our part of the country as a bank that has never been obliged to refuse money to anyone at our windows who offered what would be considered good security. We have little need for advertising. However, our president's son has written up something of the past and present strength of our house and we have been mailing these little booklets to all names on our books and to all business men in this and neighboring counties. We run a card containing a brief statement of our finances and officers. The copy is not changed. This is all the advertising we do." (*Note*—This bank really seems to have acquired a high degree of favorable publicity through long and successful service and seems to be operating with its full share of business. In younger hands advertising could very likely be made to increase the present business, perhaps one hundred per cent.)

BANK No. 6. State savings, established ten years. Village, 2,000.

"We have advertised for two years. We began by enlarging upon the usual report and by stating the rate paid on deposits and said something of the value of a bank as an aid to systematic saving. From this we expanded into the usual short talk on the general advantages of a good bank. About six months ago we began to change copy every week in our local paper. Since that time we have put out different copy every week. Last Christmas we sent all our old patrons a form letter thanking them and suggesting that they recommend our bank to their friends if they found it satisfactory. We derived an increase in the amount of deposits from this letter, we are quite sure, but are not able to say just how much. We are now looking for something new in the line of successful bank advertising."

BANK No. 7. Savings bank, established twenty-two years. City, 5,000.

"We began to use a systematic form of advertising three and one-half years ago. For the first year we followed the plan of ads. used by the banks of Detroit. They were using a short talk on the advantages of patronizing a good bank. We met with some opposition among our own men but this wore off as the stubborn ones saw bank after bank fall into line and adopt some method of advertising. Our short talk ad. has constituted the regular advertisement used with change of copy in every issue (weekly) for the past twenty months. One of our employes subscribes for two or three advertising journals and tries to keep up with the procession. Last year we sent each family whose head patronized our bank, and who asked for it, a small bank which would hold fifty dimes. We had them made so that each bank held fifty dimes and could not be opened until the fiftieth dime was put in when it opened automatically. We gave the bank with the promise that when fifty dimes had accumulated we would give the child owner of the bank a deposit check for \$5.50 upon the receipt of the fifty dimes. The bank could be kept for future savings. This brought us a large number of small accounts, not paying much in themselves but growing all the time. The owners of most of these accounts have their money on de-

posit yet and in several cases we have traced the opening of large accounts by relatives to the friendly feeling engendered by our gift of money and bank. We are about to launch another scheme about which I will speak after it has been given to the public. We shall most certainly continue advertising."

Bank No. 8. National, established twenty-eight years. City, 18,000.

"For my part, I do not believe it consistent with the dignity and independence incumbent upon a national bank to advertise. True, our bank advertises in a way, but I am not at all afraid to say that I had nor have no part in it. The board of directors voted that a certain sum should be spent annually for advertising and placed the matter in the hands of the assistant cashier. I suppose he is making a success of it from his point of view but I cannot but feel that I have lost something in dignity and self-respect when I ask a man to let me have charge of his financial affairs. It seems reflecting upon his good judgment, and puffing up my own. I am aware that the times seem to demand advertising as a necessary adjunct to any business enterprise and though I cannot help feeling as I do, I shall take no steps to oppose a plan for advertising which the directors wish to continue."

Bank No. 9. State savings, established five years. Village, 3,500.

"Advertise? Well rather. We have advertised almost ever since we got well organized. We have tried various kinds of advertising and now use besides the newspaper (local weeklies, three, and three other weeklies circulating in this county) form letters and a booklet. The form letters are sent out to names that we secure in various ways supposed to be of people who have various sums of money to invest in some safe manner. We also have a letter which we send to working men urging them to save for the proverbial rainy day. We did get out a special letter to capitalists who had money to invest on a large scale but this did not pay. We now use only the two kinds of form letters. Besides the letters we have a neat little booklet that just slips into our regular envelopes. In this we enumerate all the advantages of a good bank and emphasize the things we can do for our patrons. We show them that many times a word from us may save them the loss of large sums which they were about to loan outside the bank. This special advisory service has always been a drawing card and we use it to the limit. We explain our conservative methods of seeking good investments and show them how carefully we examine into any property offered us as security. This booklet is mailed with the letters and handed out to all callers at the bank. I know and can prove from our books that advertising has greatly increased our business. We shall be more apt to increase than diminish the amount of money spent for advertising."

Bank No. 10. National, established ten years. City, 40,000.

"Our advertising has been a regular feature for about two years. Before that time we used the usual form of financial report and list of officers which to me seems good advertising. We have used the short talks (five inches single and sometimes double column) with change of copy twice a week in our local dailies. We use the weekly papers of this county and change copy in every issue. At first we ran the ads. a month in the weeklies and a week in the dailies without change. Then we got a young clerk who had studied advertising and after he had proved his ability by taking charge of the advertising for six weeks we turned the whole affair over to him. He occupies at least half time at the work and we consider his salary and the space expense money well spent. We use a booklet to explain the regular features of our business and have used form letters to some extent. Our ad. man also issues a little paper once a month, which goes to all our patrons and to as many new names as we can obtain. This paper is four pages, about five by seven inches to a page. Our advertising is considered one of our important features, and we stand ready to enlarge it to any extent which seems desirable."

Three Good Emblems.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

MR. Frank C. Mortimer, assistant cashier of the First National of Berkeley Cal., submits a good bunch of ads. We like the use of the building cut as a sort of trade-mark and a means of displaying the ads. Even the little reading notices have the cut. The copy of this matter is excellent and we commend it to other advertising banks. Mr. Mortimer also sends samples of good booklets advertising this bank and Berkeley Bank of Savings & Trust Company.

W. W. Clarke of the Jackson City (Mich.) Bank writes:

Taking advantage of your kindness in offering to criticize our advertisements, I am

Figures Which Mean Something

In the banking world, as in other lines of business, time proves the strength of any institution. Time shows whether the policy of a bank is safe, whether its officers are conservative. For over sixty years the Jackson City Bank has been a factor in the growth and prosperity of Jackson, and the figures that follow show why, namely, that its management has always been conservative and has let nothing impair its financial strength and responsibility.

Commercial Investments

Loans	$1,028,729.59
Banking House and Fixtures	48,000.00
Other Real Estate	16,649.85
Cash and Due from Banks	356,091.45
	$1,449,470.92

Savings Investments

Bonds and Mortgages	$ 537,462.95
Cash and Due from Banks	166,630.72
	$2,153,564.59
Capital and Surplus	$ 410,722.75
Commercial Deposits	1,038,748.17
	$1,449,470.92
Savings Deposits (all in legal investments)	704,093.67
	$2,153,564.59

Under a provision of the Banking Law of Michigan 51% of all Savings Deposits are required to be invested in certain bonds or mortgages, called legal investments. The Jackson City Bank has gone farther and placed *all* Savings Deposits in the above high-grade investments, or in actual cash reserve.

Jackson City Bank

Clear.

sending you one which appeared in our monthly paper for November. I would like very much to have you express your views upon it, and I thank you in advance for the courtesy.

The ad., reproduced herewith, speaks for itself. It is a great improvment over the customary unexplained bank statement because it adds some life and interest to it in the eyes of the general public, which doesn't know as much about banking terminology as the banker does.

Mr. Osgood T. Eastman sends us the four ads. of the First National of Omaha, which are reproduced in the Safe Deposit Department of this issue of the magazine. We consider them very good ads. for their purpose.

B. Eglin, cashier of the Northville (N. Y.) Bank, writes:

For your courteous treatment of our ad. in the September number of the BANKERS MAGAZINE, please accept this tardy acknowledgement of our appreciation.

In accordance with your favor of July 7, in which you express the hope that we will again submit ideas for the Publicity Department, I herewith enclose six copies of our ads. as they have appeared in the local newspapers.

Should they prove available, we will be pleased to have you use them for comment—or criticism as you see fit, availing yourself of the enclosed stamps for the return of any, or all.

Possibly "The Gateway to Success" and "Four Years Ago" will appeal to you as being a pronounced case of "swelled head"—a sort of "Much Ado About Nothing". But "There's a reason"; we are doing business in a poor country (so called) and did not anticipate a business of over one-tenth of what we are showing in this department and . . . . thereby hangs an advertising tale.

We call these pretty good ads. for a country bank to use. The illustrated ones are especially good. A little pride on the part of this bank is justifiable in view of the very satisfactory showing of growth in four years' time.

This bank published the following reading notice in the local paper:

A LITTLE TALK ON SOMETHING THAT CONCERNS YOU.

The person who does not keep his savings in the bank, but hides his money in out-of-the-way places, withdraws that money from circulation and thereby retards the full growth and prosperity of the country and also robs himself of a legitimate income.

As an illustration of this, we will suppose that five years ago you "put away" say, one hundred dollars for a "rainy day." You have it yet? Yes, but it doesn't grow and has been of no benefit to you. Had that money been deposited in a bank at three

A Building as a Trademark.

This Looks Good.

$120,000

CITY OF MONTPELIER, VERMONT,
4 PER CENT BONDS.

Due August 1, 1929.

Optional after August 1, 1919.
These bonds are EXEMPT FROM TAXATION to residents of Vermont.

N. W. HARRIS & CO.,
35 Federal Street, Boston.

MERRILL, OLDHAM & CO.,
35 Congress Street, Boston.

4 PER CENT INTEREST

AND NO TAXES

The Montpelier National Bank
Savings Department,

RECEIVES DEPOSITS OF ONE DOLLAR AND UPWARD

The best form of investment is a SAVINGS ACCOUNT with this bank. Your money on deposit is available when needed and 4 per cent. compounded twice yearly.

Capital Savings Bank & Trust Co.
MONTPELIER, VT.

[illegible]

T. J. DEAVITT, Pres. Frank N. Smith, Treas.

Assets $3,000,000.

THE MONTPELIER SAVINGS BANK AND TRUST COMPANY

Transacts a general banking business; pays interest on any sum over ONE DOLLAR; pays taxes on deposits of $2,000 or less; loans money secured by first mortgage on Real Estate in Vermont, at 5 per cent; collects items on all parts of the United States free of charge, rents safe deposit boxes and respectfully solicits public patronage.

[illegible]

EVERY MAN
EVERY WOMAN
EVERY CHILD

Is invited to open an account in our SAVINGS DEPARTMENT

We Pay 4 per cent interest and taxes.

First National Bank, Montpelier, Vt.

Some Vermont Bank Ads.

per cent. interest, it would have been worth, today, $116.05. The original amount may have been more or less, but there is always a loss to you. Idle money, like an idle person, earns nothing, and if you would profit by your thrift, your savings must earn you something.

That we are educating the people to this truth is evidenced by the fact that there are nearly five hundred small depositors in our Interest Department whose savings are not only earning them something, but are absolutely safe and ever ready for instant use in time of need.

"But," you will say, "I haven't got the hundred dollars." You are not obliged to have it; start with any amount and start now. The one who desires to save and starts with a small amount, is just as welcome to the privileges of this bank as the largest depositor.

See our advertisement in this issue of your paper and test our willingness to aid you. The Northville Bank, Northville, N. Y.

The banks of Montpelier, Vt., have successfully broken away from the formal card style of advertising, if the line of financial ads. reproduced from the Argus of that city is any indication.

Mr. H. B. Powell, Jr., advertising manager of the Mellon National Bank of Pittsburgh, writes:

I am enclosing a few samples of the advertising we have been doing lately. The small forms have appeared in the Pittsburgh daily papers, while the larger ones, as you will notice, occupied a full page in one of the financial journals. I shall be glad to receive the benefit of any criticism or comments you may wish to make on these advertisements.

The
Center of an Industrial Empire

LITTLE did the first settler at the source of the Ohio, dream of the vast empire of industry he was founding. And yet, had he intended to establish here the industrial center of the country, he could not have chosen better, for such has Pittsburgh become.

Her blazing furnaces, her smoking chimneys and her busy factories proclaim her "the nation's forge and anvil," the workshop of the New World.

Her varied products, made in 5,000 factories and mills, by by 350,000 workmen, are used in all lines of human activity in all parts of the world.

Continually busy are her rivers and railroads for it is their task to transport her 160,000,000 tons of freight annually.

To finance her industries, Pittsburgh has many banks, strong and conservative. In the front rank of these is the MELLON NATIONAL BANK, one of the twenty big national banks of the land, with capital and surplus of $6,900,000 and resources of $45,000,000.

Its hundreds of DIRECT correspondents receive the best of banking service. This same service is offered to other banks, bankers and trust companies in all parts of the country.

Write for a proposition.

MELLON NATIONAL BANK
PITTSBURGH

Perfect Balance.

These ads. don't call for any adverse criticism, as they were models in copy, display and general appearance. If all banks did

as good advertising as the Mellon there wouldn't be much use for this department of the magazine.

L. M. Whitney, bookkeeper of the National Bank of Glens Falls, N. Y., writes:

I enclose you herewith a sample of the first ad. which I have ever constructed. I have given the subject some thought and studied advertisements in various publications. Will you kindly criticize the ad., showing me where I am weak. This card is especially for our neighboring towns which do not have any banking facilities whatever.

The ad. referred to was printed on a card. The reading matter on one side was as follows:

NATIONAL BANK OF GLENS FALLS.
Glens Falls, New York.
Why not start the New Year right?
Your money begins drawing interest at 3 per cent. from the first of any month.
Drop us a postal and let us tell you how you can bank by mail.
THE OLDEST BANK IN WARREN COUNTY

On the other side it was:

Resolved: "I will get something ahead in 1910."
How?
By opening an account in the National Bank of Glens Falls.
"The Old Bank."
Certainly.
Why not?
A dollar starts it.
A few more now and then keep it going.
And when you need it, it's there to use.

There are good points in this matter, but the arrangement is too disjointed. A straight argument hammering home one good point would have been better.

ILLUSTRATIONS IN FINANCIAL ADVERTISING.

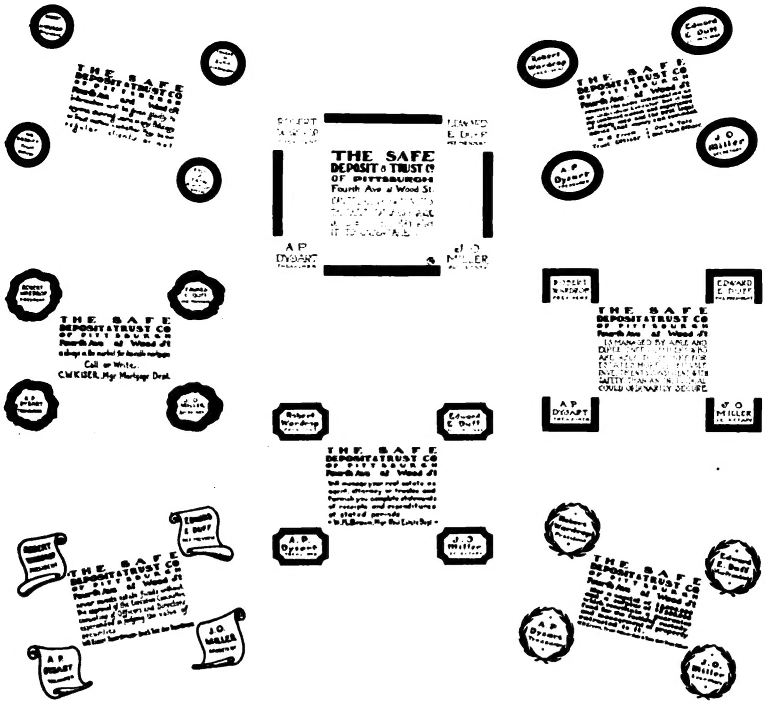
They Are Becoming More Common And Are Proving Effective.

TWO different bank advertising managers have written us recently in regard to originality in financial advertising copy, especially as expressed in appropriate illustrations.

Mr. Frank B. Finch, manager of the Advertising Department of the Commerce Trust Company, Kansas City, Mo., writes:

Some time ago we took up a new feature in our advertising, being the use of pictures of the things we talked about in the ad. For instance, if the copy was about a man blowing open a safe, I had a cut of that.

Hard to Improve Upon.



Unusual Bank Ads

It occurred to me that you might like to have something on that subject for your department, as I believe it is a point you may want to exploit. We see that illustrated copy works fine with us.

The article follows:

The eye is the first thing an advertisement must get. This is truer of a bank ad. than any other kind, because people hunt for a merchandise advertisement to see if 50-cent stockings are reduced to 39 cents, for example; but they don't hunt for bank ads.

A picture will get the eye when oftentimes mere type will not.

For example,—suppose the words, "Have Wife and Baby Protected with a Bank Account," appeared in type, only,—in the same kind of type in which many other advertisements were printed. Would these words get as much attention as if they were accompanied by a picture of a husband, wife and baby sitting around the fire-side?

Suppose the words, "Money All Burned,—That is What May Happen, If You Keep It in the House," were set in ordinary type. Would that advertisement be as attractive as with a picture of the burned house, and a man standing beside it, showing his empty pockets?

Why bank advertisers buy valuable space and put dead stuff into it, is more than I can understand when it is now possible for them to get "live wire" picture advertising.

Space costs money. This is why the banker as well as the merchant should put something into that space that is worth much to him.

The banking business has come to be like any other business. It is a business that must be advertised. If pictures advertise the bank's business best, the best thing for a banker to buy is illustrated copy.

A Pittsburgh bank advertising man writes along similar lines, calling attention to the

advertising of the Safe Deposit & Trust Company of Pittsburgh which has been recently appearing in the newspapers of that city. He says: "This copy is so strikingly simple and conservative that it is absolutely 'different,' standing out in bold relief on the newspaper pages. Analyzing this copy we find nothing remarkable about it—just the names of the officers of the institution and a few of the 'reasons why'—just the same

as in any cut and dried, unattractive financial ad. BUT it is arranged differently. The generous use of white space, the hand lettering and the little designs acting as borders and drawing attention to the names are features that give the advertising distinctiveness, and make it more effective."

PUBLICITY ARTICLES.

Extracts From Recent Financial Advertising Articles.

Growth Of Bank Advertising.

NEW ENGLAND banks, through advertising, can not only bring to themselves a vast increase in business, but can become, collectively and individually, tremendous powers for the advancement of the general good of New England. Many of them are coming to it slowly—some far too slowly—but those who are will be heard from, and the others will perforce follow suit.—G. R. Glendinning in "Advertising and Selling."

The principal point which I would impress on the banker in undertaking to secure business through the medium of post card circulation, is that of continuity. Don't for a minute believe that you have made a skillful, meritorious effort along these lines or that you can make such an effort by the passing of an order for a few thousand cards showing but one view of your institution. This is an extremely crude and back-numbering form of publicity and one which is not at all likely to get the business that I contend can be obtained if a plan similar to the one outlined here be put in operation.—R. A. Osmun, in "The Novelty News."

In many instances, advertisements announce the offerings of bond or stock issues running into the millions and as these advertisements are generously distributed among the newspapers, and occupy considerable space, their cost frequently amounts to a small sized fortune. Notwithstanding this, however, they are prepared like legal notices; are dry and uninteresting to the layman, although it is he who is sought as the purchaser; the style of display and typing is abominable; the newspapers are selected with extreme carelessness, and finally, no effort at all is made to check up the results of each publication, to discover which ones have paid.

In what other line of business, may I ask, would a person spend, say from $10,000 to $50,000, for advertising of a few days' duration, with such reckless negligence?—Rudolph Guenther in the New York "Commercial."

For a long time there was a delusion in the public mind that to be at its best a city bank should be a sort of financial behemoth —a colossal aggregation of capital, in a tall building with a long list of "big guns" and steenth assistant cashiers, vice-presidents, secretaries, trust officers, and lesser functionaries, every man carrying "weight for age" in dignity, severity, and total un-get-at-ableness. And so long as this curious hallucination persisted it was not uncommon for an otherwise sane man to transfer his account from a small bank to the latest "monster merger." Perhaps it is natural for people to confuse figures with horse power, though we all know that a good California sand flea has more volts and amperes of power, for his grains of weight, than an elephant Africanus has for his hundred weights of flesh.

But latterly a good many observant men have been seeing the truth—a happy result for which the clever advertising done by the wide awake advertising men of the smaller banks is mainly responsible—and there is to-day quite a marked tendency to go back to the local bank where there are fewer executive divisions, not so many top notch officials, not so many ebony doorkeepers and brass buttons, but, as an offset, a deal more cordiality and much more personal interest in the affairs of the individual depositors and borrowers. It is now more generally understood that a bank may be as strong as custom and as unbreakable as prejudice without being elephantine in size. A sound thirty per cent. reserve is the same to the depositor whether the total in dollars be big or small. Mere size isn't a virtue in a bank any more than heavy weight is a sign of good character, trustworthiness and longevity in a man.

When the smaller banks found themselves losing accounts to the big merger banks they set about the work of advertising their peculiar advantages. As they couldn't hope to print figures as imposing as the totals claimed by the metropolitan giants, and as big totals had really very small significance anyway, the modest institutions wisely made a point of their ability to give personal service of a more intimate character than the great banks can vouchsafe to each one of thousands of large clients. What they advertised was perfectly true—namely that a man can obtain more agreeable banking service at a bank where he is well acquainted with all the executives than he can at an overgrown institution where he is a stranger and where his modest deposit or loan is of infinitesimal importance in the grand total of all on the books.—Louis A. Lamb in "The Novelty News."

1910 CALENDARS AND NEW YEAR'S ADVERTISING.

THE Waco (Tex.) State Bank, following its usual custom, sent out at the first of the year a banker's and merchant's maturity calendar, which cashiers, bookkeepers, note clerks, bill clerks and everyone who has to figure maturity papers will find very useful. The note accompanying the calendar is as follows:

Waco, Texas, January 1st, 1910.

To Our Friends and Patrons:

Enclosed find our NINETEENTH NEW YEAR GREETING, "MATURITY CALENDAR," giving the maturity dates of thirty, sixty and ninety day paper. It is also convenient for finding the number of days between any given dates by taking the difference between the calendar dates of the days given.

You can also add on the margin "H" for holidays, other than those given, so that it can be easily used in all States, making it the most complete and UP-TO-DATE CALENDAR ISSUED.

We believe that every banker and business man will appreciate its value, and trust that when you have business this way you will remember the WACO STATE BANK.

With best wishes for a prosperous year,

Yours truly,

W. W. SELEY,

President.

The Colonial Trust Company of Pittsburgh makes the annual calendar distribution an occasion to induce people to come into the bank. One of its newspaper ads. on the subject follows:

1910—ART CALENDAR—1910

FREE

Cut out and present this card in person at **Window No. 14**, our Banking Room, 314-316 Diamond Street (at the Electric Sign) or 317 Fourth Avenue,

TWO ENTRANCES.

Between Wood and Smithfield Sts.

An attractive and useful calendar for home or office. It shows all the months at once, so you can look forward or backward for dates without trouble.

Mailed to any address on receipt of two cents in Postage. This Bank Pays 4% Compound Interest on Savings.

Open Saturdays from 9 A. M. to 9 P. M.

THE COLONIAL TRUST COMPANY.

"The Solicitor," the house organ of the Wachovia Loan & Trust Company, of Winston-Salem, N. C., appeared in attractive Christmas garb for its December number, the cover and all the illustrations having that atmosphere. The magazine contains a lot of good sensible bank talk.

The Cleveland Trust Company issued an attractive calendar booklet in Italian for its "Dipartmento Italiano." It was up to the high standard which this company always maintains in its booklets.

The Mellon National Bank of Pittsburgh issued a large wall calendar.

The Burlington County Safe Deposit and Trust Co., of Moorestown, N. J., sent out a daily reminder for 1910, and the Commercial National Bank of Syracuse, N. Y., sent out a pocket memorandum book. The Imperial Bank of Canada and the Royal Bank of Canada sent out beautifully engraved or lithographed holiday greeting cards. The Citizens National Bank of Raleigh, N. C., Joseph G. Brown, president, gave away a greeting bound in red cardboard and tied with a silk ribbon. The Lincoln National Bank of Lincoln, Ill., sent forth a greeting which contained this quotation from Dickens:

"Many Merry Christmases, Happy New Years, Unbroken Friendships, Accumulation of Cheerful Recollections, Affection on Earth, and Heaven at last for all of us."

"The Shield," the monthly house organ of the Real Estate Trust Co., of Pittsburgh, of which Fred E. Ruslander is editor, is becoming quite a pretentious publication. Its Christmas number was printed on pages bordered by holly leaves and berries. It contained a special supplement showing pictures of seventeen of the largest structures put up in Pittsburgh last year.

The West End Savings Bank & Trust Co. of Pittsburgh, on the cover of its 1910 Business Calendar printed this special letter:

A HOLIDAY GREETING

And a Business Suggestion

In presenting you with a copy of our business calendar for 1910, we take advantage of the opportunity to wish you a Happy and Prosperous New Year.

Moreover, we want to co-operate with you in making 1910 a successful year, and sincerely believe that we can help you if you give us the opportunity.

Let us call your attention briefly to some of the strong points of this institution.

It is almost forty years old.

Its Capital is $125,000.00, and Surplus and Profits over $275,000.00.

The institution is thoroughly examined twice a year by the State Banking Department, in addition to the regular reports made to that Department and frequent examinations by our own Board of Directors.

Our cash reserve is always much higher than that required by law.

We pay 4% compound interest on savings accounts. A savings account may be opened with $1.00 and a checking account with $5.00.

The West End Savings Bank & Trust Co. is at all times able to take care of its customers in the way of loan accommodations and otherwise.

Our customers are given every accommodation consistent with sound banking principles. If you are not one already, we ask you to become a customer of this bank. Our service will be an advantage to your business and when you desire funds to carry on your business, you will know where to go for financial help.

A business man gets credit from the bank by furnishing the banker information that proves his business safe and prosperous. Men who have bank connections are always able to get credit to further their interests.

There is nothing that will so quickly and satisfactorily establish your ability and disposition to fulfill financial obligations and show that you merit confidence, as the regular maintenance of a bank account.

Again wishing you the compliments of the season, and hoping to have the opportunity to serve you during the coming year, we remain,

Cordially yours,

WEST END SAVINGS BANK & TRUST CO.

The First National Bank of Montgomery, Ala., issued a special Greek calendar. C. L. Chilton, Jr., advertising manager, writes:

I send you under separate cover a calendar we issued this year for the benefit of the Greek population of this city, which has gotten to be considerable. I have several copies left, and will be glad to send them to any of the city banks who do or would like to do this sort of advertising.

"All Greek" to the general public, but plain enough to Greeks.

The American National Bank of San Francisco used a very pleasing holiday letter-head with the words "Merry Christmas and Happy New Year" printed in the upper left-hand corner, surmounted by a bunch of holly.

The First National Bank of Gouverneur, N. Y., with its calendars sent out this letter:

To our Patrons and Friends:

We take pleasure in sending you herewith our calendar for 1910, which please accept with our compliments and best wishes for the New Year.

We hope to merit the further confidence of our depositors and solicit their aid in helping us to extend our services to their friends. Firmly believing that agriculture is the greatest industry in this North Country, we are especially desirous of the patronage of farmers and cheese factories, whose business we are well equipped to handle and in which we take great pride.

We assure you that every endeavor consistent with safe and conservative business methods will be used to further your interests and if you are not now a patron of this institution we cordially invite you to become one.

The letter used by the Northern New Jersey Trust Co., of Edgewater, N. J., for a similar purpose was:

Dear Sir:—

We take pleasure in sending you, under separate cover, one of our calendars for 1910, which we trust will reach you safely and be found sufficiently attractive to be given a place in your home throughout the year.

Our business during 1909 continued its steady substantial growth, having at this writing total resources of $600,000, and we now have upon our books over 1,350 accounts, which speaks for itself.

Our company is under the supervision of the Banking Department, and is managed by conservative local men entirely for local interests. Therefore, deposits made with our bank are not only amply safe-guarded, but are where they may be obtained at any time if needed for any purpose.

Our bank would appreciate any patronage you might accord us in the future, and can assure you that your business will have our best attention at all times.

Extending the Compliments of the Season, we beg to remain,

The Boise City (Idaho) National Bank sent out this letter:

The year which is now drawing to a close has been a most satisfactory and successful

one for this bank, for which we have to thank our many friends and patrons.

The officers and directors desire, by this means, to extend to you the most cordial season's greetings and to express the hope that NINETEEN HUNDRED TEN has in store for you a maximum of happiness and prosperity.

Command us for our share in your service.

The Audit Company of New York gave out a large wall calendar ornamented by a beautiful picture of the departure of the Pilgrims for America.

Other banks that marked the new year by sending out printed greetings or calendars to their friends were the American National Bank of Pensacola, Fla., the First National of Pauls Valley, Okla., and the Banco Oriental de Mexico of Pueblo.

The Union Trust Company of Pittsburgh for its women customers issued a very attractive boudoir calendar, delicately perfumed and artistically decorated.

The Northern New Jersey Trust Company of Edgewater, N. J., sent out a special New Year's card.

MORE BOOKLETS.

THE Columbia Avenue Trust Co., of Philadelphia, issued a well printed and illustrated booklet describing its equipment and claims for the business of the public.

The Frankford Trust Co., of the same city, has also issued an attractive booklet, printed in two colors

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The State National Bank of Boston published a booklet which in view of the nearly 100th anniversary of the institution partook somewhat of an historical character. It also contained the customary facts and figures concerning the institution's equipment, etc. The booklet was well printed in two colors.

"Bank Precedents" is the title of a booklet giving a short history of the Cleveland Trust Co. The splendid illustrative views printed on pebbled paper with colored border effects are artistic in the highest degree.

"The A B C of Banking by Mail" explains that feature of the business of the Fairmount Savings Trust Co. of Philadelphia in a very satisfactory manner.

A New Feature in Banking

¶ We believe that we have hit upon a plan that will interest every woman who has any banking or financial matters to attend to, either of her own or family. We have recently installed a women's department, with a business woman in charge who is ready to receive and talk with any one who wishes to obtain her advice. We invite you to call and inspect this handsomely appointed department at 86 Madison St. (one-half block from State St.) We will endeavor to make your call a pleasant one.

UNION TRUST COMPANY

CAPITAL AND SURPLUS $2,200,000.00

ESTABLISHED [illegible]

TRIBUNE BUILDING MADISON & DEARBORN STS.

Excellent Illustration.

A brief history of the City Savings Bank of Bridgeport, Conn., has been done into booklet form with good results. The institution is fifty years old.

The First National Bank of Media, Pa., published in pamphlet form a souvenir of an educational exhibition and lecture on "The Money of the World" given at the bank December 2nd to 8th, 1909.

The Blair County Title & Trust Co. of Altoona, Pa., the Farmers & Merchants' Trust Co., of Chambersburg, Pa., and the Fidelity Banking & Trust Co. of Bluefield, W. Va., issued good leaflets for their savings departments.

The Columbus (O.) Savings & Trust Co. issued a big folder the pricipal purpose of which was to carry this message:

A LETTER TO YOU:

Business is said to be largely a selfish proposition, and it is so in a sense.

That is to say. Business enterprises generally are organized and conducted primarily for personal gain or profit.

Nearly all of them, however, serve a useful purpose to the public in one way or other, as well as for personal gain, and some of them fill the field so usefully that the people could not well get along without them.

Amongst the latter the modern Savings Bank should be classed, and speaking of the Savings Banks, The Columbus Savings and Trust Company bears a most enviable and honorable record in its service to its thousands of patrons.

Excellent Illustrated Ad.

PERHAPS WE CAN BE OF SOME SERVICE TO YOU.

There are comparatively few indeed to whom we may not render service, and at times even great service.

YOU should have a bank account, everybody should, be it ever so small, it is a great bracer and a valued friend to help over the "Pinches," which come to all more or less frequently through life.

An account may be opened with us for the modest sum of one dollar, or more.

It isn't so much the amount you begin with: The starting is the important point and then keeping constantly at it. "Adding a little bit to what you have," which together with the FOUR (4%) per cent. which we allow on Savings Accounts, is always "making a little bit more."

You will be surprised how rapidly the deposit of even modest amounts, from time to time, will grow into a pretentious sum when it is earning four per cent.

Your **necessary** expenses do not always equal your income. There are times, at least, when you have a surplus; **those are the times to save.**

Saving isn't so difficult as many think it to be when you have but acquired the habit, and oh! the pleasure of it, to see your accumulations grow.

For almost twenty-seven years we have faithfully served our thousands of patrons, and the number is continually increasing.

WE WANT TO SERVE YOU.

For your safety we respectfully refer to our Capital and Surplus of Seven Hundred Thousand Dollars and Resources of Three Millions of Dollars. That's some strength, isn't it?

YOU may have a Savings Account with us, which will earn you 4 per cent.

YOU may have a Certificate of Deposit with us, which will earn you 4 per cent.

YOU may have a Checking Account with us, and paying your bills by check is the very best way in the world to do it, because when paid in this manner you always have a receipt.

YOU may, for a very modest sum, have the use of one of our handsome Strong Safe Deposit Boxes, in which to safely store your Valuable Papers, Jewelry, Silver Plate and such other articles of more or less value of which almost every household possesses some and, many of them have far more than a mere money value, because money cannot always replace them.

We are here to serve YOU. Come in and talk it over. You will be welcome.

Yours respectfully,

THE COLUMBUS SAVINGS AND TRUST COMPANY.

THIS AD. GOT AN ANSWER.

THERE'S one woman under the sun who can define "elastic currency." She lives in Ohio. When the mail brought her an elaborate pamphlet the other day, entitled, "What Is Your Money Doing?" she sat down with all the dignity born of a thorough knowledge of the subject, and wrote on the back of this pamphlet: "Buying beefsteak at twenty-eight cents a pound, eggs at thirty-two cents a dozen and milk at eight cents a quart;" and the returning mail speeded it again to the bank of its origin.

A BOOKLET DE LUXE.

A Handsome Publication by the First National Bank of Pittsburgh.

THE latest booklet of the First National Bank of Pittsburgh, Pa., is a very handsome production. The illustrations and printing are superb, while the reading matter is interesting. The brochure is in two parts treating of the "Bank Historical" and the "Bank To-Day." This is the kind of publicity which supplements newspaper advertising admirably and aids in maintaining an institution's reputation.

CANADIAN CHARTERED BANKS.

THE chartered banks of Canada for December showed a marked change in number of accounts, there being an increase of about $6,000,000 of deposits on notice, and of close to $4,000,000 in deposits elsewhere. Deposits on demand fell off $3,000,000. The most marked decrease was in the note circulation, this always being looked for in December, as in the previous month there is always a big rush of business due to close of navigation. Call loans in Canada increased by $5,500,000 and call loans elsewhere than Canada gained by $3,500,000.

BOOK REVIEWS

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 253 BROADWAY, NEW YORK.

The Economic Causes of Great Fortunes. By Anna Youngman. New York: The Bankers Publishing Company. Price $1.50.

Two poles of force interact to produce the result of economic "success" or wealth acquisition, viz., *ability* and *opportunity*. Neither becomes effective without the other, though the degree of relative importance of either may and probably doubtless generally often does vary at different stages in the accumulation of any fortune.

Accordingly, to attempt an emphasis of one without recognition of the other factor in determining the foundations of a great fortune is about as fruitless as to question whether the oak or the acorn existed first.

In the above work, no specific definition or limit is given to mark the minimum size of great fortunes, though their amplitude is reasonably clear from the illustrations used in this inductive study. Although the major proposition of the book may not be always clear, as a necessary consequence of the method of study followed, the writer's thesis is evidently an emphasis of the non-personal or what might be called the opportunity factor in wealth acquisition as a protest against what the writer evidently considers an over-emphasis of the personal or ability factor by certain economic authors. To determine whether or not, however, any antagonism between the writers really exists, the two possible points of view from which this subject can be observed should be noted, viz., the *initiative* forces which mark the inception of a fortune, and what might be called the *continuing* forces which govern its growth and accretion.

Reasoning a priori—and the author recognizes the inherent dangers of the inductive method followed—one seems forced to conclude, if a choice must be made, that credit for the *beginning* of a fortune must be given to the personal factor of *ability;* otherwise, one is driven to ask, Why was not the particular opportunity which had part in the making of the fortune seized by anyone of millions of other persons at the time?

On the other hand, we think it is a fact of common observation and acknowledgement that "money makes money," or, in other words, that the momentum inherent in large aggregations of capital assures them a reproductive power which increasingly outruns the consumptive power of the individual to whom such wealth belongs under the established social laws of private property. In short, the relative importance of the personal or non-personal factor in the making of a fortune depends upon the point of time under consideration in the history of the fortune, and the quantity of these two qualities in all instances can be determined only relatively, not absolutely.

It is a popular impression—however present and past personal abilities may compare—that opportunities to begin the acquisition of a fortune are not now as numerous or available as they were one or two or three generations ago. If so, the matter is not only of interest to the economic student, but of deep import to present and future generations of business men.

The basis of such impression is doubtless the general daily realization by the present day business man of the prevailing momentum of large capital aggregations and of what may be called precedence, commercially known as "good will," which uniformly constitute an almost insurmountable barrier to the rise of the individual of average ability, and this without any direct resort by the controllers of great wealth to an attitude or actions antagonistic to their lesser competitors.

Recognition of this fact, thus popularly expressed, is equivalent to acquiescence in the idea long ago expressed in the words "There is a tide in the affairs of men which, taken at the flood, leads on to fortune." In other words, that opportunity once seized and pressed into service by ability furnishes an increasing momentum and tends to become the factor of relatively increasing importance, while the personal ability element may often decline to the status of a general supervisory factor over the enterprise which grows more rigidly automatic as time passes. In fact, it is this principle which makes possible the organization and administration of great industries whose development would otherwise be physically

impossible whatever the initiative genius of the founder.

Accordingly, the evident point of the author that opportunity considered in the light of its progressively unfolding consequences of increasing momentum is the major factor in the accumulation of a great fortune seems to be well taken. The impersonal force of aggregate wealth, as above suggested, is well illustrated in Chapter 4, entitled "GROUP FORTUNES—THE 'STANDARD OIL' AND 'MORGAN' MEN."

Incidentally, concerning the question—which the writer does not particularly discuss—as to whether or not natural opportunities, such as that enjoyed by the original John Jacob Astor (Chapter IX) are lessening, it may be remarked that, while it may be true that opportunities based upon known natural resources are lessened as such resources become more fully utilized, it remains an open question as to how far individual inventive talent may continue to discover new natural resources. So far, however, as such opportunities are based upon human nature, so to speak, or what might be termed the psychology of the public, it is well to remember the old saying that "the eye is never satisfied with seeing, nor the ear with hearing"; furthermore, much of opportunity based upon speculative activities—as illustrated in the case of Mr. Gould—lies in the same old elements of general public greed and gullibility, whose perennial and inexhaustible supply are a most fertile source for opportunities of this nature.

The general idea receives its most striking example in the case of a fortune won by speculation, and accordingly, the type illustrated in Chapter III is well chosen.

The economic history told in connection with the stories of prominent men whose careers are given in Chapters II, III and IV, as furnishing material from which conclusions on the subject of economic causes of great fortunes can be drawn, shows much research and is interestingly written. In Chapter V, entitled "Factors in Gain Getting," the author induces from the previous illustrations, some well grounded ideas, as above substantially summarized, on this subject, and shows a familiarity and insight into things as they are. For example, the author recognizes that the " . . . personal opportunities of men of large fortunes" cannot logically be based upon social injuries for which they are fancied responsible, for "Their business morality is just as high and frequently, no doubt, a little higher than that of the small town trader or money lender . . . ." "In point of fact, the sharp practices of the average business man are just as dishonest and probably as widespread."

The public frame of mind is well "sized up" in the following: "Why, it may be asked, have the petty shifts, the ruthless bargaining, the unrelenting rivalries of small producers and tradesmen been portrayed without the slightest personal animus having been manifested by the portrayer? Are the resultant gains any less abnormal than the supposed or actual pilferings of the rich? Yet, the parallelism is rarely insisted upon. Why? Because to the public at large, the gains of the lesser business men do not seem so out of proportion to their individual activity as to require explanation on the ground of illegitimacy. Consequently, there is seldom any attempt to scrutinize their methods very closely, although their gains are as surely leavened at times by fraud and sharp practices, as those of the wealthiest men in the land." "Hence any sweeping condemnation of the man of great fortune on such ground involves both large and small. The result is an unconscious indictment of our whole system of business relations. Whether justly or not is irrelevant to the present inquiry."

The conclusion in the final chapter on the "Social Service Rendered by the Owners of Great Fortunes" may be summarized in the quotation: "The most that can be expected is a fairly general judgment that in specific cases the advantages derived by society from the existence of a particular institution have outweighed the attendant disadvantages." The general question here is as to whether the size of the fortune is a reliable indication of the degree of social service rendered, and the author's conclusion seems to be that "Not only is there no way of demonstrating any measurable connection between reward and social service, but it can be shown that the aggrandizement of the individual may take place without appreciable effect upon society, or, it may be, to its positive injury," as by refraining from development of the natural resources of land wealth held.

Altogether, the book has the superior merit of suggestiveness, is most interesting reading, and is well worthy of a place in the library of bankers and others who are interested in the financial biography of those who have achieved "Great Fortunes."

A Central Bank. By Robert Emmett Ireton, associate editor of the "Wall Street Summary." New York: Anthony Stumpf Publishing Co.

This volume contains a summary of the foreign central bank systems and of several of the plans proposed for transplanting a similar system into the United States. Both the arguments for and against a central bank are set forth. The author himself favors a central bank, provided it can be organized and managed on the right lines, of which he seems confident.

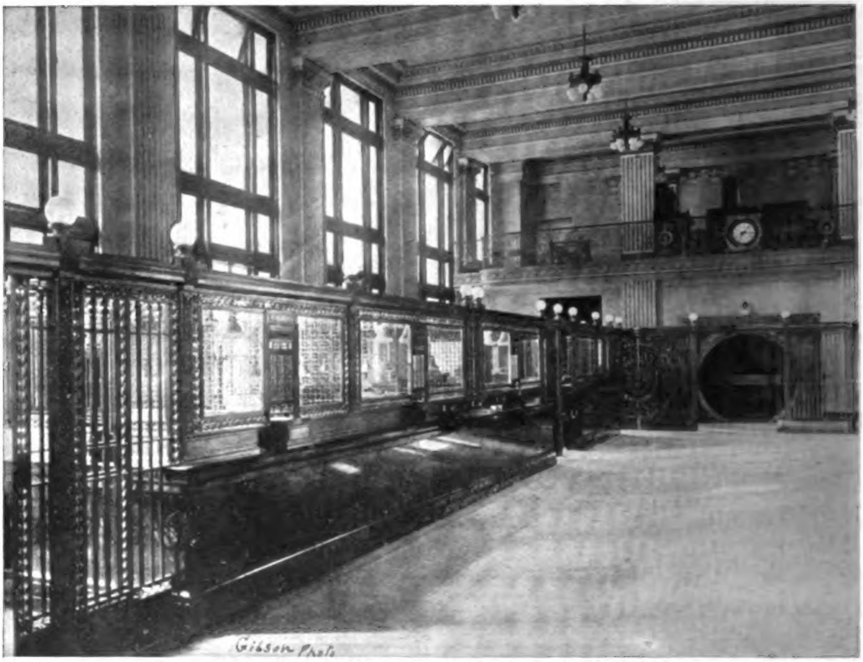
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

ATLANTIC NATIONAL BANK OF JACKSONVILLE, FLORIDA.

WHAT is said to be the largest and finest bank and office building in all the State of Florida, has been completed for the Atlantic National Bank of Jacksonville. It was designed by the architects, Mowbray & Uffinger of New York, and has eight floors above the banking rooms devoted to high class offices, one hundred and twelve in all.

The building stands on a slight elevation immediately south of the federal building on a plot of ground 55x105 feet, and represents an investment of nearly half a million dollars. Alabama marble enters

Atlantic National Bank Building, Jacksonville, Florida.



Main Corridor or Public Space, showing Safe Deposit Vaults in Rear.

largely into the finish and trimmings, the huge Corinthian columns that guard the doorway and corners being fashioned of it. Massive mouldings of the same beautiful marble cap these pillars at the beginning of the second floor. Above, the walls are of a dazzling white tile that matches perfectly with the marble below. The window embrasures and casings are of green copper and furnish a bit of color to what would otherwise be an unrelieved white surface.

Banking Rooms.

The entire first and mezzanine floors are used by the bank and the arrangements, perfect in every detail, show that nothing has been forgotten or left out. Mr. Lane in planning for the workings of the bank spent many days in getting everything just right, before a spadeful of earth was turned for the foundations.

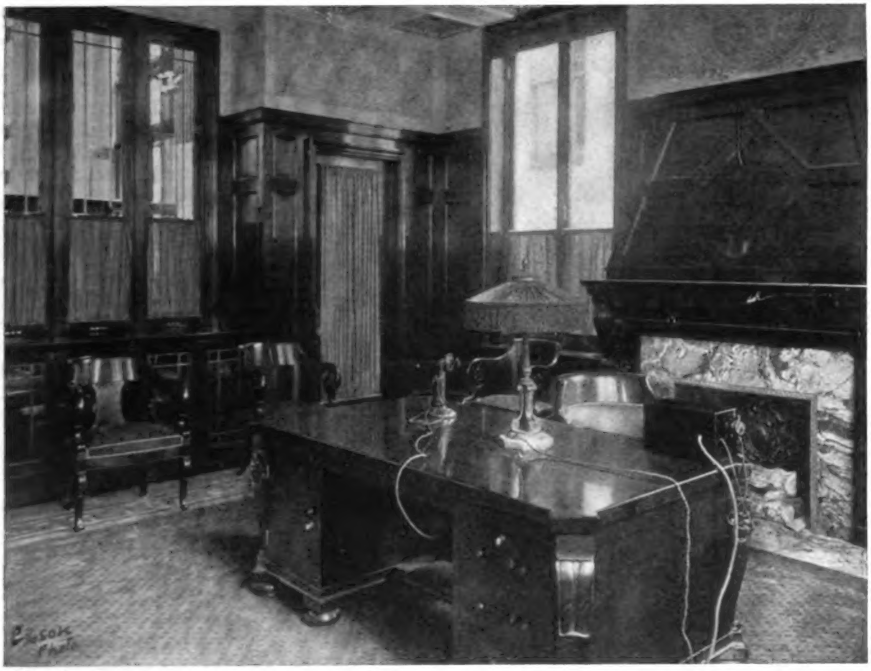
Entering through a lobby which is finished in Formosa marble, the most beautiful colored marble in the world, obtained from South Africa, and used extensively in the Tiffany building, New York, one passes through heavy doors of solid mahogany into the main room. At the right of the lobby is the president's room and to the left is the elevator and stairway vestibule.

Standing in the main entrance the view into the bank is imposing. Thirty-five feet above the white marble floor is the beautifully frescoed ceiling, divided into sections, the huge cross beams that are necessary to carry the uprights for the eight floors above aiding the decorator in making his scheme of color and finish. Ten artistic bronze chandeliers, of six lights each, depend from the ceiling, and the windows on either side extend the entire length of the room.

An Imposing Room.

Fifty by about seventy-five feet in dimensions, the main banking room is imposing and beautiful. Counters of red Numidian marble, surrounded by grill work in art bronze, encircle the white tiled concourse in a horseshoe. At the immediate right, is the cashier's room, that of the assistant cashier next, then come the teller's windows, followed by a room with dainty furniture and fittings, for the accommodation of lady patrons. Ladies may make deposits or draw checks here without having to stand in line at the regular windows.

The paying teller's cage is next beyond the ladies' room, and directly behind this is the desk for the individual bookkeeper. On the left-hand side of the room are the different cages and desks of the general bookkeeper, collectors and the savings department. This latter section is immediate-



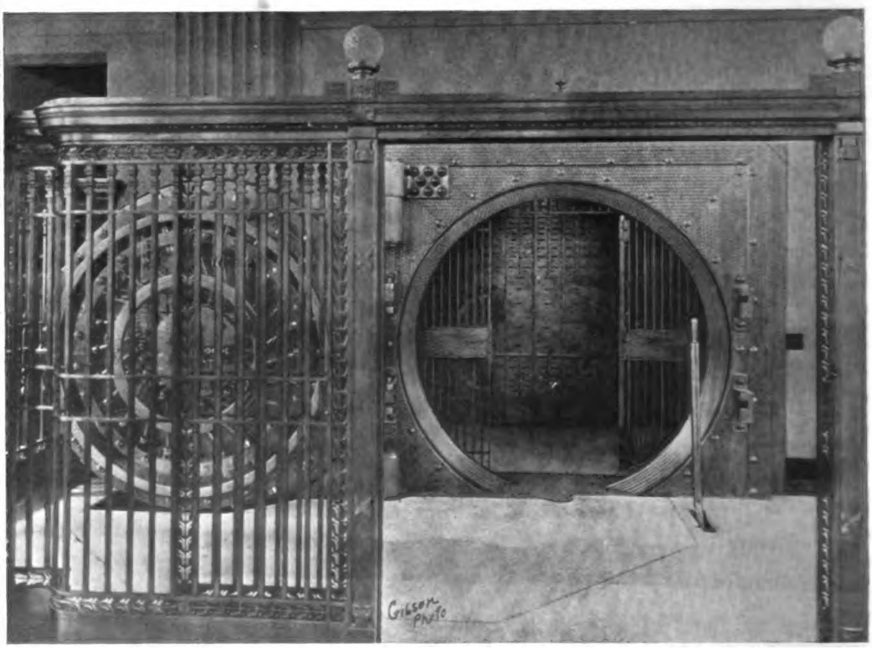
A Corner in President Lane's Office.

Directors' Room.

ly at the left entrance, and by an arrangement of bronze doors at the right and a large sliding door of mahogany opening on the elevator vestibule the public having business with the savings department may come in, after the bank proper has closed for the day. This additional lobby will be used by the public as a waiting and writing room during the morning hours and is fitted with desks and handsome chairs, stationery, telephone, etc.

Safety Deposit Vaults.

The huge circular door of the safety deposit vault is about nine feet in diameter and weighs thirty tons. Massive as it is, and having a hundred bolts to be shot into the casements of hardened steel the mechanism is delicately adjusted and the door is closed with a finger touch and the bolts shot as easily. Heavy plate glass covers the triple time locks and displays the workings of the levers. To make way for the closing of the door a portion of the floor is depressed by a lever at the side.



Entrance to the Safe Deposit Vaults.

Money Vaults.

The money vault of the bank is a portion of the main vault, fire and burglar proof, rising from foundations below ground and separated by space of six feet from the exterior back wall of the building. In the money vault, which is protected by triple doors, the outer carrying triple time locks, there are a battery of ten money chests, abutting the back wall, each fitted with combination locks. It is arranged in this manner to allow the cashier, assistant cashier, tellers and savings department to each keep the money separate, and affords additional protection, as neither burglar nor defaulting officer would possibly have a chance to get away with more than a portion of the funds, no matter how favored by circumstances.

Modern Equipment.

The mezzanine floors, back and front, are utilized, without in the least detracting from the appearance of the bank. At the back, and appearing as a gallery, many of the clerks will be employed at desks above the vaults. The bronze railings and mahogany furnishings all match the general finish. Mahogany desks are everywhere used and in all the departments where money is handled, red Numidian marble tops are found for the desks. The customers' desks outside the windows are of glass and each is provided with writing utensils and glass check holders. There are about 300 lights in the main room, set in bronze chandeliers and fixtures, with crystal globes.

President's Office.

The president's private office is a very large and handsome room, wainscoted to a height of nine feet with San Domingo mahogany and showing a huge mantel, in

colonial style, with Mexican onyx hearth and arch, brass andirons and gas fire logs. The ceiling, in gold and tints, corresponds with the main banking room. Mr. Lane's desk, resting on a green velvet rug, in the center of the inlaid maple floor, was especially designed by him, and is a beautiful piece of hand-carved mahogany, fitted with every convenience and being about twice the usual size of flat-top office desks. An unique device attached to this desk will enable Mr. Lane to get into direct communication with any officer or employe in the building and also to connect with the stenographer's room for conversation, letters or dictation. The device is called the dictograph, and is the highest development of the telephone principle, the conversantion being taken from any part of the room and without handling a trainsmitter.

The chandeliers and standing lamp in the president's room are harmonized with the green color scheme, and it is altogether a very attractive room, with elegance and comfort, convenience and perfection combined.

Directors' Room.

At the front of the building, on the second floor is the directors' room. It is wainscoted in vermillion wood, otherwise East Indian mahogany, with frescoed ceiling, handsome chandelier and side lights. A large mantel, in mahogany and Mexican onyx, is at the right and on the highly polished maple floor, in the center of a great red rug, stands the great mahogany table. This table is oval in design, of solid East Indian mahogany, about twenty feet long and is supported on immense carved claw legs. The chairs of the same wood are upholstered in red, and the shade of the standing lamp is the same color.

A private lavatory in white marble and nickel adjoins the directors' room.

The cashier's room on the main floor is attractively furnished in mahogany, with brown upholstery.

Ample Store Room.

In the cellar, which is provided with a lift from the passageway for trunks or valuables, etc., are storerooms for the bank and for customers. Steel lined vaults with combination locks are variously disposed for the storage of books and heavy valuables. This part of the cellar or basement is entirely shut off by a solid wall from the front, in which is located the boilers and machinery, fuel and supplies.

The building is absolutely fireproof, not an inch of wood being shown on the exterior of the building anywhere, and is modernly furnished and equipped throughout.

Historical.

The Atlantic National Bank began business August 1, 1903. Its growth has been consistent with a well-defined policy of conservatism and saneness.

The officers are men of experience and sound judgment and each can claim an extensive acquaintance throughout the South.

Edward W. Lane, the president, is one of a family of bankers, and has long been prominent in public affairs. The other officers are: F. W. Hoyt, vice-president; Thomas P. Denham, cashier, and D. D. Upchurch, assistant cashier.

At the time of the last Comptroller's call, the Atlantic National had a capital stock paid in of $350,000; a surplus of $350,000; undivided profits of $131,423; loans and discounts, $3,363,071; deposits of $4,329,965, and total resources of $5,509,388.

PUMPKINS REVIVED THE NOTE.

A STURGEON banker has two pumpkins in a glass case he values at $2,000. Thirteen years ago the banker said he lent a farmer $1,000 with which to buy stock. The farmer, of course, gave his note. The borrower lost on the stock deal and had hard luck generally, so he couldn't pay the note. Later he went West, and after many years he made good again and returned to Sturgeon. The banker tried to collect his note, but it was outlawed by a lapse of thirteen years. One day the banker stopped at the man's farm and admired his fine pumpkins. The farmer made him a present of two large ones.

"I'll just credit these pumpkins on your old note," the banker said. "All right," the farmer said.

That revived the obligation. The banker brought suit and recovered in full for the note and interest.—*Kansas City Star.*

KNEW HIS BUSINESS.

LESLIE M. SHAW, former Secretary of the Treasury, was discussing with a correspondent a financial muddle.

"They lied," said the famous financier, "but, as with Hugh Ralston of Castana, their lying was absurd. When I was in the banking business in Charter Oak there was a young coal heaver of Castana who courted a Charter Oak girl. His name was Hugh Ralston and he pretended to be a banker.

"But one afternoon the girl happened to visit Castana and she saw Hugh hurrying home for supper, as black as the ace of spades. He would have dodged past without speaking, but the girl held him up.

"'Why, Hugh,' she said, reproachfully, 'I thought you were a banker!'

"He heaved a kind of sigh.

"'Ah,' he said, 'we've had a terrible day of it to-day, cleaning all the ink wells.'"—*New York Telegram.*

THE NATIONAL BANK OF COMMERCE IN ST. LOUIS.

THE National Bank of Commerce in St. Louis has a very interesting history. It received its original charter from the General Assembly of Missouri, February 14, St. Valentine's day, 1857. Its name was then the St. Louis Building and Savings Association, and, as indicated by the name, it had authority to engage in the business of a building and loan association.

Full banking privileges had, however, been conferred by the charter, and the charter members decided to confine themselves to the latter. The capital stock was placed at $500,000 divided into 1,000 shares of $500 each. The first meeting for subscription to the stock was held on March 9, 1857, in the rooms of the Mechanics and Manufacturers' Exchange, on Chestnut, between Third and Fourth streets. The records show that there were 605 subscribers, and that no subscriber took more than six shares.

National Bank of Commerce, St. Louis.

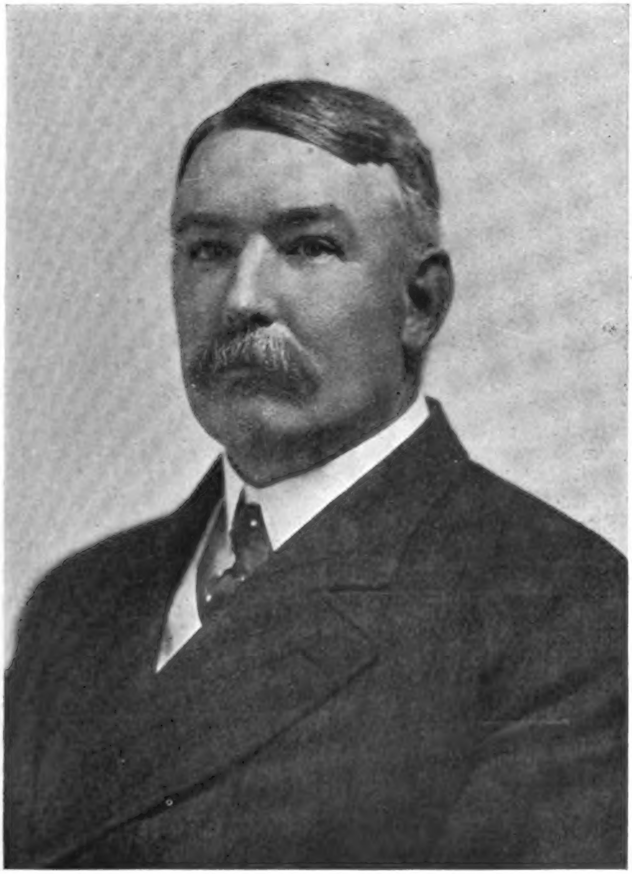
The stock was to be paid for in monthly installments of $2.50 per share, and if this plan had been adhered to, the bank would not have received its full working capital for sixteen years. That would be considered rather slow these days, but it was too rapid then for some of the stockholders of what has since become one of the strongest of the great banking houses of the country. Mr. John Schmidt evidently

thought so, as he got rid of his two shares two or three months after they had been issued, having paid only $5 on them. The transfer of this stock to Augustus S. Boern was the first transaction of the kind recorded.

Perhaps, however, something ought first to have been said about the first meeting of the association after the stock had been subscribed. It was held March 25, 1857, for the election of the directors, and resulted in the election of Charles S. Greeley, Henry Boernstein, Wm. Hassinger, Wm. H. Maurice, Felix Coste, John F. Darby, Laurason Riggs, Marshall Brotherton and R. M. Funkhouser. They were well-known St. Louisans, and one of them, Mr. Darby, had been twice mayor of the city, as also a member of Congress. Three days later the board of directors met and elected Mr. Brotherton president and Mr. Funkhouser vice-president. Mr. Funkhouser, who was the father of Dr. Robert M. Funkhouser, died only recently. At the same meeting, P. S. Ladue was made secretary and treasurer of the association—in other words, cashier of the bank.

Opening Day.

The bank opened for business at No. 49 (now 202) North Second street, July 6, 1857, at which time the capital paid in amounted to $8,500. The finanical panic which swept over the country in 1857 retarded the growth of the new enterprise, and made it almost impossible to collect the assessments as they fell due. The management, however, persisted in their efforts, and at the close of the first year $36,500 had been collected on capital account, and the bank was slowly but surely gaining a foothold. In January, 1863, $200,000 had



B. F. EDWARDS
President National Bank of Commerce, St. Louis.

been paid in, and availing itself of a new provision in the statutes, the association reduced the par value of its shares to $100, and, retiring the old stock, issued 2,000

JOHN NICKERSON
Vice-President.

shares of full paid stock, making the capital $200,000.

In May, 1864, subscription books were opened for $100,000 additional stock to increase the capital from $200,000 to $300,000. This was all taken by the shareholders, and was paid in on July 1, 1864.

On April 11, 1866, a proposition was voted upon to create a surplus fund, by reserving the profits of the bank for five years. It was carried by a vote of 2,107 to 143. On November 3, 1868, the stockholders voted (2,137 yeas to 41 nays) to change the name of the association to "Bank of Commerce," the change to take effect on January 1, 1869. On July 30, 1871, the stockholders voted to adopt the plan of accumulation, which had worked so successfully as a permanent fixed principle of the bank. The vote was 2,309 yeas, 270 nays.

On June 25, 1878, at the written request of the holders of 2,017 shares of the capital stock, the board ordered a resumption of payments, which went into effect July 1, 1878. The capital of the bank at this time amounted to $300,000 and the surplus fund to about $800,000. On July 1, 1882, the remaining 2,000 shares of authorized capital of the bank were sold to the shareholders at the price of $400 per share, making the total capital of the bank $500,000 and the surplus fund $1,500,000.

Becomes a National Bank.

The capital and surplus remained at these figures, the earnings in the meantime being paid out as dividends, until in the fall of 1889, the directors concluded to submit to the shareholders a proposition to avail themselves of the national bank act and convert the Bank of Commerce into a national banking association. This change was authorized by an almost unanimous vote of the shareholders, and, the proper forms having been complied with, the bank was authorized on December 14, 1889, to transfer its business to the "National Bank of Commerce in St. Louis," under which title it opened for business on the morning of December 16, 1889, with a capital of $500,000, a surplus fund of $1,000,000 and undivided profits of $1,500,000.

PORTRAIT BY STRAUSS, ST. LOUIS

TOM RANDOLPH
Vice-President.

Notice having been sent to the shareholders under date of December 14, calling a meeting for the purpose of considering a proposition to capitalize the undivided prof-

its and increase the capital stock to $3,000,000, the shareholders met on December 23 and adopted resolutions by unanimous vote, providing that the additional 10,000 shares of stock should be offered to the shareholders at $125 per share, and paid for on or before December 31, 1889, all privileges to such new issue to cease at 3 o'clock on that day, and the authority was given to the board to sell at the same price all shares not so taken by shareholders at that time. On December 31, 1889, the increase of capital stock, as provided for in resolutions of the stockholders of December 23, was fully completed, and the total amount paid in, making the capital of the bank $3,000,000, and surplus fund and undivided profits $350,000.

Many Increases of Capital.

The growing business of the institution and the rapid development of the great Southwest tributary to St. Louis, in the judgment of the officers and directors of the bank, made it advisable to still further increase the enormous capital of the institution, and on March 21, 1899, a meeting of the shareholders was held, and resolutions were passed to increase the capital stock to the sum of $5,000,000 by selling to the shareholders 20,000 shares at the price of $200 per share. The premium paid was placed to the credit of the undivided profits of the bank. The resolutions provided for the payment of $50 per share per month, and on July 6 the last installment was paid, and the certificates issued of the increase of capital to $5,000,000, with a surplus fund and undivided profits amounting to more than $3,000,000. In 1901 the capital stock was further increased to $7,000,000, the surplus and undivided profits totaling $8,000,000. In 1907 the capital stock was increased to the amount at which it now stands, viz., $10,000,000, with a surplus fund and undivided profits amounting to about $8,000,000.

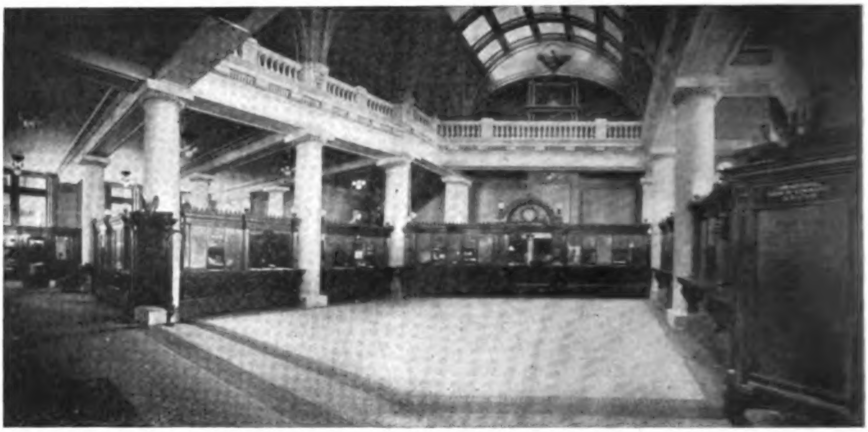
PORTRAIT BY STRAUSS, ST. LOUIS

W. L. McDONALD
Vice-President.

PORTRAIT BY STRAUSS, ST. LOUIS

W. B. COWEN
Vice-President.

These various transactions show the progress made in increasing the fixed capital of the institution from the first payment of $2,500 to its present magnificent proportions. The following statements, taken at periods of ten years, from 1857 to the present date, will show the rapid and steady increase in the business of this bank, which to-day stands at the head of all financial institutions west of the Mississippi River.



The Lobby, The National Bank of Commerce, St. Louis.

The record for fifty-two years of the National Bank of Commerce in St. Louis follows.

The transactions of the bank in the earliest days of its existence would seem ridiculously small compared with those of the present time. During the year 1909 the value of the total business handled by the National Bank of Commerce in St. Louis mounted high into the millions.

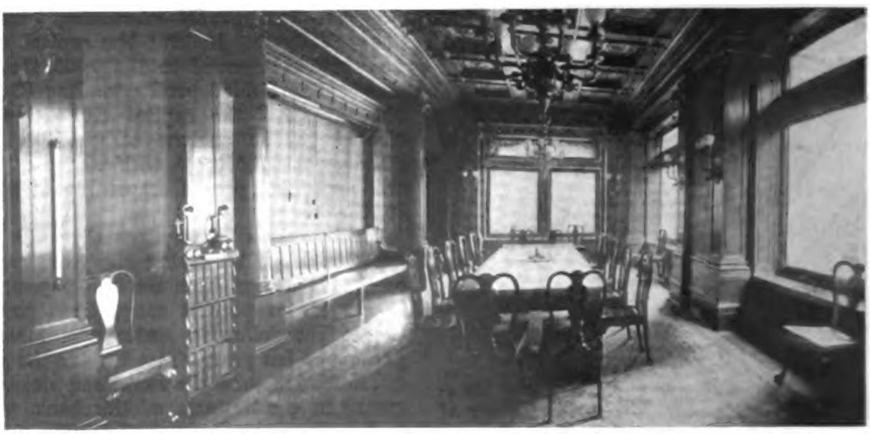
On December 10, 1909, stockholders of the National Bank of Commerce were notified that the charter had been extended for another term of twenty years.

RESOURCES.

	1857	1867	1877	1887	1889	1909
Cash & exch....	$22,217.42	$265,901.12	$476,646.34	$4,637,996.65	$13,029,656.30	$26,371,860.40
Bonds & stocks.........		134,224.15	254,467.63	1,141,500.00	4,635,247.09	13,992,048.54
Loans & discts.	16,008.72	833,724.67	1,976,461.79	6,266,393.02	18,459,460.23	49,357,422.99
Real estate		31,759.79	38,943.37	320,570.64	550,000.00	1,500,000.00
Totals	$38,226.14	$1,265,609.73	$2,744,519.13	$9,366,460.31	$36,647,362.62	$91,221,331.93

LIABILITIES.

	1857	1867	1877	1887	1889	1909
Capital & sur...	$8,838.36	$422,237.22	$1,039,046.57	$2,023,775.64	$8,121,520.87	$18,501,604.46
Circulation		....	....	....	1,412,817.50	9,021,500.00
Deposits	29,387.78	843,372.51	1,705,472.56	7,343,684.67	27,140,025.25	63,698,227.48
Totals	$38,226.14	$1,265,609.73	$2,744,519.13	$9,366,460.31	$36,674,362.62	$91,221,331.93



Directors' Room, The National Bank of Commerce, St. Louis.

Foreign Exchange Department.

The business of the foreign exchange department has kept step with the growth of this bank, the number of its individual transactions runs into ten thousands, and the volume of business exceeds millions. Its functions are of a various nature, and include the issuing of checks, drafts, money orders payable in foreign countries, letters of credit and travelers' checks for the tourist and commercial letters of credit for the importer. Transfers of money in large and small amounts to and from foreign countries are frequently made by cable, through the medium of correspondents in all parts of the world, who also are the paying agents for the letters of credit and travelers' checks, or for checks and money orders, etc.

The handling of foreign currency, gold or silver, is a minor part of the foreign exchange business. The transmitting of gold or currency is costly and subject to a great risk, and, therefore, this medium of paying debts between foreign countries is almost entirely abandoned. Attention is given to the business of the exporter, who sells his sixty or ninety days' sight drafts on his foreign customers.

PORTRAIT BY STRAUSS, ST. LOUIS.

J. A. LEWIS

Cashier National Bank of Commerce, St. Louis.

A Beautiful Home.

The present home of the National Bank of Commerce was completed seven and one-half years ago. It is a splendid structure of marble and terra cotta, especially designed to facilitate the prompt and systematic dispatch of business. Some views of

A View from the Mezzanine Floor, The National Bank of Commerce, St. Louis.

the various departments are shown herewith, and these portray better than words can describe the beauty and completeness of the interior equipment.

EXECUTIVE STAFF.

The officers of this progressive institution are: B. F. Edwards, president; Tom Randolph, John Nickerson, W. B. Cowen and William L. McDonald, vice-presidents; J. A. Lewis, cashier; C. L. Merrill, Van L. Runyan, F. W. Wrieden, G. N. Hitchcock, J. W. Reinholdt, A. L. Weissenborn, George R. Baker, H. C. Burnett and W. M. Chandler, assistant cashiers. Eugene Oppenheimer is manager of the foreign exchange department.

UNIQUE BANKING SYSTEM.

VERY little is known in this country of the Giro system of banking in Germany. This system has been in use in the State of Hamburg since the establishment of the Hamburger Bank in 1619.

An account is opened in the usual manner, and when payments are to be made, the payer, instead of preparing a check, merely instructs his banker to debit his account with the sum involved and to credit Richard Roe's account with a like amount.

If, however, payer and payee have their accounts in different banks the payer then requests his banker to transfer the amount in question to the bank of the payee, with instructions to credit Richard Roe's account with the amount of the indebtedness.

Convenient bank forms are provided for making these notifications. When the banker receives an instruction of this character he in turn notifies Richard Roe of the payment to his credit and the name of the payer.

In Hamburg the Reichsbank and five important banks use the Giro system. Representatives of these banks meet several times daily at the Reichsbank, where transactions between their several customers are cleared. In Hamburg very little material money is used in effecting transactions, the habit being to settle all obligations, even of the most insignificant character, by Überweisungszettel. When payments are to be made from one city to another this is done usually through the Reichsbank, which has 500 branches, more or less, throughout the empire. All transactions are undertaken without cost to either payer or payee, and on the contrary deposits subject to this modified form of checking usually draw one per cent. interest per annum.

The advantages of the Giro system fall partly under the head of security and partly of convenience. Danger from forgery is eliminated, as the notification sent to a banker by a payer could not by any possibility be utilized advantageously by criminally disposed persons. The only inconvenience observable arises from the fact that receipts for payments are not acknowledged on bills as rendered, unless such receipts are specially sought by messenger after the bank exchange has been made.

It is customary in small local transactions for a payer to note at the foot of bills the date of payment through his banker, and in case of possible dispute the bank is always prepared to clear up misunderstandings. Concerns doing a large volume of business and obliged to make numerous payments daily are spared the annoyance of preparing hundreds of individual checks, as they have merely to write out a lst of names and amounts on a long sheet, which they send to their banker.—*The Bookkeeper.*

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

--Eleven years ago the Irving National Exchange Bank, then known as the Irving National, reported a capital of $300,000, deposits of $2,000,000 and total resources of two and a half millions. On December 31, 1909, the bank reported a capital of $2,000,000, a surplus and profits fund of $1,538,500, deposits of $27,216,300, and total resources of $31,554,900. This remarkable growth includes a consolidation, in 1907, with the National Exchange Bank, but is nevertheless an exceptional one. The percentage increase of deposits is 193, the highest, excepting one, of any national bank in the city. Many promotions were made at the annual election. Benj. F. Werner was elected vice-president from the cashiership, Harry E. Ward, the assistant cashier, was appointed cashier; Richard J. Faust, Jr., the manager of the transit department, was appointed an assistant cashier, as was also the chief clerk, J. Franklyn Bouker. Besides the above the officers of the bank are: Lewis E. Pierson, president; James E. Nichols and Rollin P. Grant, vice-presidents, and David H. G. Penny, assistant cashier.

—Orin R. Judd and Raphael L. Cerero have been elected assistant trust officers of the Knickerbocker Trust Company.

--The new board of directors of the Guaranty Trust Co. includes the following: George F. Baker, Edward J. Berwind, Urban H. Broughton, Edmund C. Converse, Henry P. Davison, James B. Duke, Robert W. Goelet, Daniel Guggenheim, Edwin Hawley, Alexander J. Hemphill, Augustus D. Juilliard, Thomas W. Lamont, Robert S. Lovett, Edgar L. Marston, Gates W. McGarrah, Levi P. Morton, Charles A. Peabody, William H. Porter, Samuel Rea, Daniel G. Reid, Thomas F. Ryan, William D. Sloane, Albert H. Wiggin, Harry Payne Whitney, V. P. Snyder, Paul Morton, Charles H. Allen and Walter S. Johnston.

—Pierre Jay, vice-president of the Bank of Manhattan Company, has been elected a director to fill the vacancy caused by the death of John Stuart Kennedy.

—Charles Elliot Warren, former cashier, has been elected vice-president of the Lincoln National Bank. Mr. Warren is a former president of the New York State Bankers' Association, is now a member of the Finance Committee and Executive Council of the American Bankers' Association, and is also a director and treasurer of the Erie & Kalamazoo Railroad of the New York Central lines.

—Lewis L. Clarke, who has succeeded his father, the late Dumont Clarke, as president of the American Exchange National Bank, started as an office boy in the institution of which he is now the head.

He has served successively as messenger, secretary to the president, assistant cashier, and vice-president. He is thirty-nine years old, and is therefore one of the youngest bank presidents in the city. Edward Burns, for many years cashier of the American Exchange Bank, succeeds Mr. Clarke as vice-president; Walter H. Bennett, formerly assistant cashier, becomes cashier, and A. K. DeGuiscard the assistant cashier. Basil W. Rowe was elected to serve as a director.

—E. Tilden Mattox, who is especially well-known to New York merchants, has been appointed assistant cashier of the Merchants Exchange National Bank. Mr. Mattox was formerly with the National Park Bank.

—Judson G. Wall, of Judson G. Wall & Sons, investment bankers at 10 Wall street, has been appointed commissioner of taxes by Mayor Gaynor. This is one of the most important offices in the city government, but it will be ably filled by Mr. Wall. Mr. Wall is the first banker to take a high office under the present administration. The banking business of Judson G. Wall & Sons will, however, be carried on as usual. This business was founded by the head of the firm thirty years ago.

—Samuel H. Miller, formerly cashier of the Chase National Bank, has been created a vice-president and is succeeded as cashier by Henry M. Conkey, a former assistant cashier. There were no other changes at the annual meeting.

—A number of changes were made in the board of the Chelsea Exchange Bank, at the January meeting. M. H. Blake, George Kern, W. B. Krug, and O. H. Bartine were elected to succeed B. F. Elgar, T. P. Spencer, D. G. French and Dr. R. H. Connor. W. B. Krug was also elected a vice-president.

—At the annual meeting of the Central Trust Company, Edwin Merrill, vice-president of the company, and Dudley Olcott, president of the Mechanics and Farmers' State Bank of Albany, were elected directors.

—In apparent reciprocation for the election of President H. W. Porter of the Chemical National Bank to the board of the enlarged Guaranty Trust Company, H. P. Davison, of J. P. Morgan Co., has been elected to the board of the Chemical National.

—Harry F. Regal and William M. Kern have been elected secretary and treasurer, respectively, of the Dollar Savings Bank, located on Third avenue near 148th street

—At the National City Bank, G. H. Church and Gerrish H. Milliken have been added to the board of directors, and J. H. McEldowney, former assistant cashier, has been made a vice-president.

Mr. McEldowney is the third Chicagoan to be made a vice-president of the National City within a year, and his election makes four Chicago vice-presidents out of a total of seven.

The first of the Chicago vice-presidents on the National City's list is John E. Gardin, a foreign exchange man, long connected with the First National of Chicago. The second is Samuel McRoberts, formerly with Armour & Co. as treasurer and confidfiential financial man to J. Ogden Armour. The third is Joseph T. Talbert, for many years vice-president of the Commercial National Bank of Chicago, and one of the best known bankers in the West. President Vanderlip is also a Chicagoan.

In its thirty-fourth annual statement, published December 31, 1909, the Fidelity & Casualty Company presents some strong figures. The total assets are $9,598,924.02, representing an increase of more than two millions over like figures for 1907, while the net surplus of $2,564,229.90 is larger by $550,000, than in 1907.

—A comparison of the statement issued by the Bankers Trust Company for December 31, with the one for November 16, shows decided gains in almost every item. Deposits have increased from $44,431,497 on the last named date, to $46,579,317 and there has been a corresponding increase in assets from $57,674,222 to $62,749,348.

NEW ENGLAND STATES.

—Boston lost one bank during the year 1909. The Faneuil Hall and Metropolitan National Banks were liquidated and their business purchased by the Beacon Trust Company and the Atlantic National Bank, respectively, and the Mutual National Bank has been formed.

Twelve years ago there were fifty-seven national banks in Boston, the number having been reduced by thirty-four through consolidations, liquidations and failures. In 1898 on a capital of $49,650,000 the average dividend paid by the fifty-seven banks of Boston was 2.3 per cent. At the present time the average dividend paid on a capital of $23,300,000 is 7.2 per cent. There has been accordingly a decrease in twelve years of $26,350,000 in capital, or more than fifty per cent., while the amount paid in dividends per annum has increased $535,650, or forty-seven per cent.

The oldest national bank president in the city is Norwood P. Hallowell of the National Bank of Commerce, who is seventy-two years old. Henry S. Grew, 2d, of the National Union Bank, is the youngest bank president in Boston, his age being thirty-four years.

—A charter has been granted the Farragut Co-operative bank with offices on K street, South Boston. The officers of the new bank are: president, Guilford D. Brown; first vice-president, James E. Redmond; secretary and treasurer, Michael F. Curran. Directors: John C. Heyer, Chas. H. Buchanan, Frank B. Fitzgerald, Theodore L. Kelly, Jr., Andrew Kirk, Frank B. Norton, Chas. W. Pik, Patrick H. Raftery, Edwin R. Spinney, Willard L. Tibbetts, Artemus R. Wood, and Michael J. O'Leary. Capital stock $1,000,000.

—Richard S. Russell, of the firm of William A. Russell & Bro., paper manufacturers, has been elected a director of the Webster and Atlas National Bank of Boston.

—The new Mutual National Bank, in Post Office square, Boston, had, on January 1, deposits of $600,000. This represented four weeks' business and indicates that the strong board of directors whose names follow, have merited the public confidence. Those represented on the board are: C. H. W. Foster, president; E. D. Codman, vice-president; W. S. Crane, second vice-president; John Chandler Cobb, Alexander H. Ladd. The banking rooms are handsomely fitted up.

—At the annual meeting of the Beacon Trust Company of Boston, the board of directors was increased from twenty-eight to thirty-one by the election of Frank W. Crocker, Preston Pond and Frank W. Wyman.

—Curtis Chipman, heretofore assistant secretary of the Bay State Trust Co. of Boston, Mass., has been appointed secretary of the institution.

—The First National Bank of Adams, Mass., at its annual meeting elected these officers: President, J. C. Chalmers; vice-president, E. F. Jenks; cashier, William P. Martin; directors, J. C. Chalmers, W. S. and E. T. Jenks, F. E. Mole of Adams, J. Tracy Potter of North Adams and R. A. Burget of Cheshire. The election of Mr. Martin comes as the result of eleven years' faithful and efficient service. He was clerk, then teller and has served as temporary cashier since the death of the late George F. Sayles.

—The Northampton Institution for Savings of Springfield, Mass., at its annual meeting elected the following officers: President, Oliver Walker; vice-presidents, Merritt Clark, H. R. Hinckley; clerk, T. G. Spaulding; treasurer, S. D. Drury; trustees, the officers above mentioned and B. E. Cook, James Porter, C. N. Clark, F. W. Thayer, H. S. Gere, Arthur Watson, F. E. Clarke, O. W. Edwards, H. M. Taylor, H. H. Chilson, F. S. Reynolds, E. F. Crooks. The amount of deposits is $4,892,506; guaranty fund, $250,000; undivided earnings, $83,584; number of depositors, 12,400.

—During the year 1909, the Springfield (Mass.) National Bank earned twenty per cent. of its captital stock and also added $51,000 to surplus and undivided profits. The directors are soon to let the contract for new vaults and an enlarged banking space.

—At the annual meeting of the stockholders of the Atlantic National Bank, of Providence, R. I., at which 3,975 shares of the total of 4,500 were represented, the remarkable progress made by the bank under the excellent management of President Metcalf was highly commended. Deposits increased during the year over fifty per cent., and the number of depositors to 3,443, or approximately twenty per cent. The officers were all unanimously elected and are as follows: President, Edward P. Metcalf; vice-president, James S. Kenyon; vice-president, Ernest W. Tinkham; cashier, Frank W. Peabody; assistant cashier, George H. Capron.

—Ground has been broken for the office building for the trust company which is being organized by the officers of the Central National Bank of Middletown, Conn. The structure will be located next to the bank, and the two institutions will be closely connected. The trust company will have a capital stock of $50,000, the bulk of which has already been subscribed.

—The Torrington (Conn.) National Bank was just ten years old the first of the year, at which time it reported a capital of $100,000, a surplus of $50,000, undivided profits of $30,526, deposits of $865,571, and total resources of $1,152,454. It was the first bank in the State of Connecticut to employ expert accountants to regularly audit its books, and the directors and officers may be pardoned for their pride in the bank's most excellent statement.

—The Manufacturers National Bank of Waterbury, Conn., starts the new year with a capital stock of $200,000 instead of $100,000. This increase was voted by the stockholders some months ago and was subscribed for by them. The amounts due on subscription having been paid in the bank is enabled to begin 1910 with capital sufficient to handle its rapidly growing business.

—Thomas W. Farnum has been elected vice-president of the City Bank of New Haven, Conn.

—George S. Beach, who has been associated with the Bristol Trust Co., of Bristol, Conn., since its organization in June, 1908, as assistant secretary and treasurer, has been elected secretary and treasurer of the Bristol Trust Company, to take effect upon the retirement of Francis A. Beach, who has been elected cashier of the Middletown, Conn., National Bank. Such changes will occur about July 1. Prior to 1908 George S. Beach was connected with the First National Bank of Middletown, Conn., serving as clerk, bookkeeper and teller. Mr. Beach has spent sixteen years in the banking business.

—Stockholders of the Rutland County National Bank of Rutland, Vt., and the Baxter National Bank of the same city, have voted reductions of capital stock in their respective institutions. At the Rutland County National the reduction was from $300,000 to $100,000; at the Baxter National from $200,000 to $100,000. All the national banks in Rutland now have the same capital stock.

—The Portland Trust Co. of Portland, Me., has completed its twenty-fifth year. The institution was the first trust company in the state, and its beginning was in modest offices with two employes. The paid-in capital was $100,000, which has since been increased to $250,000, and its surplus (all earned) now amounts to $750,000. Deposits, including trusts, have grown to $6,000,000—the largest, it is claimed, in the State of Maine--and its total assets are over $7,000,000. Dividends have been paid from the first.

—The entire capital stock of the National Security Bank of Lynn, Mass., has been bought by the Security Safe Deposit & Trust Co. at $400 per share, as of Jan. 3, 1910. The bank, which has a capital of $100,000, will be liquidated and its business taken over by the Security Safe Deposit & Trust Co., which will hereafter be known as the Security Trust Co.

EASTERN STATES.

—The resignation of Cashier J. D. Miller, of the City Deposit Bank of Pittsburgh, to become vice-president of the Union National Bank, permitted the promotion of two worthy men in the latter institution. H. W. Ludebuehl, who had been assistant cashier, was promoted to the cashiership, and Robert O. Fulton, paying teller, was made assistant cashier.

—Col. Hugh Young, who had a long experience as a national bank examiner before his election as president of the Federal National Bank of Pittsburgh, has resigned on account of ill health and is now chairman of the board. Directors elected as his successor John H. Jones, president of the Pittsburgh-Buffalo Co., one of the large coal corporations of this community. H. M. Landis, vice-president and cashier, and the other officers of the bank were reelected.

—John W. Donnan, president of the Citizens National Bank and also the Washington Trust Co. of Washington, Pa., has been elected a director of the Exchange National Bank of Pittsburgh.

—Directors of the Union Trust Co. of Pittsburgh have added $1,500,000 to its surplus account, making the total of capital and surplus $28,000,000, in addition to declaring the regular quarterly dividend of fifteen per cent.

—R. S. Smith, for half a century president of the Union National Bank of Pittsburgh, has retired and he is succeeded by John R. McCune, son of John R. McCune, founder of the Union Banking Company, and first president of the Union National. Mr. McCune has been filling the office of vice-president. Charles F. Dean, vice-president and cashier, has been obliged on account of his poor health to retire also. He is succeeded as cashier by George M. Paden, heretofore assistant cashier. Edwin S. Eggers, auditor since 1905, becomes assistant cashier. Mr. Dean is succeeded as vice-president by J. D. Miller, formerly cashier of the City Deposit Bank.

—Announcement was made January 11, following a joint meeting of the directors of both organizations, of the consolidation of the National Bank of Western Pennsylvania and the Fourth National Bank, both of Pittsburgh, under the name National Bank of Western Pennsylvania The capital stock of the merged company is $1,000,000 and surplus $450,000. Under the terms of the merger the stockholders of the National Bank of Western Pennsylvania are to receive a stock dividend of fifty-five per cent. This will give the stockholders about two-thirds representation in the combined institution, the stockholders of the Fourth National Bank taking sufficient stock to complete the $1,000,000 of capitalization. The boards of both banks will be combined when the actual consolidation takes place, but for the present will continue to do business separately in their respective bank-

ing places. The Fourth National Bank will be moved to the home of the National Bank of Western Pennsylvania at 901 Penn avenue within a short time. Officers of the organization are: President, Charles McKnight; first vice-president, D. G. Stewart; second vice-president, G. S. Macrum; cashier, J. S. M. Phillips; assistant cashier, H. C. Burchinal. Directors are: Charles McKnight, D. G. Stewart, Henry C. Fownes, George H. Flinn, Charles W. Brown, Robert A. Bole, George S. Macrum, F. R. Stoner, G. P. Bassett, Jr., Reade W. Bailey, Joseph Wood, William W. Lawrence, Otis H. Childs, Edward A. Woods, Thomas Patterson, James S. Crutchfield, Charles A. Wolfe, W. T. Pierce, W. A. Somers and F. E. Richardson.

—Philander C. Knox, Secretary of State of the United States, has been elected a director of the Union Trust Company of Pittsburgh.

—Francis B. Reeves, president of the Girard National Bank of Philadelphia, has again been elected head of the Philadelphia Clearing-House Association. John C. Boyd was honored with re-election as secretary, having served in that capacity over a score of years. Other officials elected were: Clearing-house committee, Richard H. Rushton, Howard W. Lewis, J. Tatnall Lea, Samuel S. Sharp, Levi L. Rue and Joseph Moore, Jr.; committee on arbitration, Wm. H. Heisler, John B. Harper, Benjamin Githens, Charles Porter, Edwin H. Landell and Wm. H. Carpenter.

—John F. Bauder, for many years with the Tenth National Bank of Philadelphia, has been elected cashier.

—Samuel Rea, second vice-president of the Pennsylvania Railroad Company, has been elected a director of the Philadelphia National Bank.

—William A. Law, who came to the Merchants National Bank of Philadelphia as assistant cashier in 1903, has been unanimously elected president of that institution

WM. A. LAW
Vice-President of the Merchants National Bank of Philadelphia.

as the most logical successor to F. W. Ayer, who declined reelection. Mr. Law, before his call to Philadelphia, served as president of the Central National Bank of Spartanburg, S. C., and was the first president of the South Carolina Bankers' Association. One year after his acceptance of the assistant cashiership of the Merchants National, he was promoted to cashier, and the following year was elected vice-president, which position he has held for four years. Last year Mr. Law was honored with election as president of the Pennsylvania Bankers' Association. As an Executive Council member, he also takes an active part in the affairs of the American Bankers' Association. Mr. Ayer was made chairman of the board of directors and will continue as a director. Following the selection of Mr. Law for the presidency, the directors

reappointed Thomas W. Andrews and Treasurer Brown Snyder, cashier and assistant cashier, respectively.

—Extensive improvements have been made in the Tradesmen's National Bank building, 431 Chestnut street, Philadelphia, giving well-arranged and handsome banking offices. The latest statement of the Tradesmen's National Bank shows a capital of $500,000, surplus and undivided profits of $785,000 and resources exceeding $7,000,000. The bank has paid 113 consecutive semi-annual dividends and was the first bank in Philadelphia to undertake foreign exchange business.

—The Allegheny Trust Company of Greater Pittsburgh has added $50,000 to its surplus fund, making the capital and surplus $1,000,000, not including the undivided profits.

—An additional vice-presidency has been created in the Continental Trust Company of Baltimore, and William J. Casey has been elected to the post. Mr. Casey has been assistant to President S. Davies Warfield for the past four years. E. Bartlett Hayward has been elected a director of the institution, succeeding the late Thomas J. Hayward, and Frank A. Furst and John M. Dennis have been chosen as members of the executive committee to fill vacancies.

—The annual report of the Eutaw Savings Bank of Baltimore, which is operated without capital and in the interest of its depositors, shows that $6,652,352 deposits were received during 1909. The income from investments and loans is given at $1,051,240. The institution had on January 4, 1910, total deposits of $21,366,216 and a guarantee fund of $1,600,000.

—Stockholders of the National Bank of Commerce, Baltimore, have confirmed an increase of the bank's capital up to $500,010, and the surplus likewise to $500,010. The increase of stock was sold at $30, double the par value, one-half going to capital, the other half to surplus.

—William T. Galliher has been elected president of the American National Bank of Washington. He is a successful lumber merchant and has been interested in the bank from its inception. Colin Livingston has been elected first vice-president to fill the vacancy caused by the advancement of Mr. Galliher, and Carroll Pierce, vice-president of the Citizens' National Bank of Alexandria, takes the second vice-presidency.

—Deposits of the Plainfield (N. J.) Trust Company were $2,098,154 for 1908; last year they climbed to $2,815,203, a gain of $717,049. Surplus and profits also show an increase—from $156,023 in 1908 to $202,501 for 1909.

—Otto Kelsey, who retired from the position of first deputy state controller, when Clark Williams, the present controller, took office, has accepted the position of president of a new trust company which is to be organized in New Rochelle, Westchester County, New York, under the name Huguenot Trust Company. It will have a capital of $150,000 and surplus of $50,000, and it is stated that financial men of prominence will be associated in it.

—At the annual meeting of the Syracuse Clearing-House Association the following officers were elected: President, Anthony Lamb; vice-president, Leonard H. Groesbeck; secretary and treasurer, Lucius G. Lacy; clearing-house committee, F. W. Barker, H. W. Plumb and John Dunn. The Third National Bank was designated

as the clearing-house for one year from Feb. 1.

—New York State Superintendent of Banks Cheney on January 21 authorized the Broome County Trust Company of Binghamton to do business with a capital of $200,000. The directors include Vice-President of the United States James S. Sherman, Representative G. W. Fairchild, George W. Dunn, Charles A. Miller and Charles S. Synod. Frank D. Newman is president, and Theodore R. Tuthill, secretary.

MIDDLE STATES.

—B. C. Sammons, an assistant cashier of the Corn Exchange National Bank of Chicago, has been promoted to the position of vice-president by that going institution. Toward the middle of January the bank reported a surplus of $4,000,000 and undivided profits of $1,000,000.

—Very few changes of importance were made in the directorates of the official lists of the larger Chicago banks at the annual meetings, January 11. The First National stockholders re-elected all the old directors and added three new names to the list—those of B. E. Sunny, president of the Chicago Telephone Company; Clarence M. Woolley, president of the American Radiator Company, and Frank O. Wetmore, one of the vice-presidents of the bank. The stockholders also approved the proposition to increase the bank's capital from $8,000,000 to $10,000,000. The $2,000,000 of new capital will be issued at $200 a share after April 1.

—William C. Cummings was promoted to the presidency of the Drovers' Trust and Savings Bank of Chicago, and William A. Tilden, who had been president, accepted a vice-presidency. Mr. Tilden quit the active charge of the stock-yards bank when he was elected president of the Fort Dearborn National down town. Murry M. Otstoot was made cashier of the Drovers' Trust. The surplus was increased to $100,000.

—Samuel E. Bliss, who has been acting president of the Metropolitan Trust and Savings Bank of Chicago since the death of the president, James H. Gilbert, was regularly elected to that office. The order of first and second vice-presidents was abolished, leaving Fritz Goetz and Joseph E. Lindquist still vice-presidents, but without either having precedence over the other. Galvin F. Craig, cashier, was elected to fill the post of secretary also. William J. Feldmann was re-elected assistant cashier, and Charles S. Tuttle, formerly secretary and trust officer, was re-elected to the latter position and also elected assistant secretary. The board of directors has one addition, Colonel E. R. Bliss.

—J. Fletcher Farrell, for the past six years with the Third National Bank of St. Louis, has been called to Chicago to accept the vice-presidency of the Fort Dearborn National Bank. This gives the bank two vice-presidents, the other officer being Nelson N. Lampert. Mr. Fletcher had been assistant cashier of the Third National of St. Louis.

—At the annual meeting of the stockholders and directors of the Union Trust Company of Chicago, held Tuesday, January 11, H. A. Wheeler, formerly president of the Credit Clearing House and a member of the bank's board of directors since 1908, was elected to the office of a vice-president and will become actively associated with the bank at once. For many years Mr. Wheeler has been very prominent in Chicago business and financial cir-

cles as well as in civic activities. C. B. Hazlewood was elected as assistant secretary. During the past year $200,000 has been added to capital account out of earnings, making the combined capital and surplus, $2,200,000. Deposits have increased about $1,500,000 during the year.

—Earnings of the Merchants' Loan and Trust Company of Chicago in 1909 have been equivalent to 33.7 per cent. on its $3,000,000 of capital. The bank transferred $2,000,000 from undivided profits to surplus account, January 1, making the total surplus of $5,000,000.

Assistant Cashier F. G. Nelson has been promoted to a vice-presidency, and John E. Blunt, Jr., manager of the bond department, has also been made a vice-president. Mr. Blunt continues in charge of the bond department.

—William A. Heath, who has served for a number of years as a vice-president of the Hibernian Banking Association of Chicago, has been elected president of the Live Stock Exchange National Bank of Chicago, and will retire from active service with the Hibernian, in order to devote his attention to the stockyards bank. He succeeds S. R. Flynn in the Live Stock National and is succeeded by J. H. Barnard in the Hibernian.

—Chicago's South Side is to have a new bank, the Michigan Avenue Trust Company, to be located at the corner of Michigan avenue and Twenty-second street, in a building to be erected by the promoter. The institution is to include a safety deposit company; the capital is to be $200,000 and a surplus of $50,000, the stock to be taken at $125 a share and thus provide for the overplus.

Colonial Trust and Savings Bank interests will be identified with the institution.

The head officers are to be: President, H. H. Ross; vice-president, L. C. Ross; vice-president, William F. Van Buskirk.

—The capital of the Union National Bank of Indianapolis, Ind., has been increased from $300,000 to $500,000. The additional stock will be offered at 115.

—The capital stock of the Home Savings and Loan Company of Youngstown, O., has been increased from $3,000,000 to $4,000,000. Under the law governing savings and loan companies in Ohio the amount of business to be transacted, in deposits received and loans made, is regulated by the amount of capital stock of the company. The business of the Home Savings and Loan Company has grown until the limit for doing business under the $3,000,000 capital has almost been reached.

—D. Z. Norton has been elected president of the Citizens' Savings and Trust Company of Cleveland, Ohio, to succeed N. R. Newcomb.

—C. W. Dieruf, who became cashier of the Commercial Bank and Trust Company of Louisville, Ky., last summer, has resigned. Mr. Dieruf had formerly been cashier of the Continental National Bank of Louisville, which went out of existence six months ago, some of its assets being taken over by the Commercial.

—The resignations of J. S. Woods, president, and O. T. Trent, cashier, of the Franklin Bank, of Louisville, Ky., have been accepted, to take effect at once. J. S. Buchanan has been elected president and C. W. Banta, cashier.

—The Boone County Deposit Bank of Burlington, Ky., reports a capital of $30,000, surplus and undivided profits of $43,900 and deposits of $137,474. In twenty-one years of active operations the bank has not lost a cent and has paid its stockholders in dividends $205 on each $100 of stock.

—The reorganization of the Second National Bank of Winona, Minn., and the Winona Deposit Bank into one institution, under the name of the Deposit Bank of Winona, involves a change of officers, but business of each will continue without a break. William H. Laird is president of the new Deposit Bank, S. L. Prentiss is vice-president, Paul E. Baumgartner is

cashier, and F. A. Lemme, E. E. Shepard, and A. E. Rau, are the assistant cashiers. The bank has ample room for expansion in the comparatively new home of the former Second National Bank building. The combined resources reach a figure of something over $3,000,000.

—Lyman E. Wakefield has become an assistant cashier of the Northwestern National Bank of Minneapolis, succeeding I. F. Cotton, resigned. The directorate of the institution has been increased to twenty-seven members, the new directors being F. W. Clifford, W. A. Durst, E. A. Merrill and H. L. Moore.

—The Title and Savings Trust Company of Kansas City, Mo., has been incorporated with a capital of $500,000. The stockholders—all of whom are directors of the new company—are all prominently connected with the banks of the city. The list includes E. F. Swinnay, president First National Bank; J. W. Perry, president National Bank of Commerce; J. F. Downing, president New England National Bank; F. P. Neal, president Southwest National Bank; Henry C. Flower, president Fidelity Trust Company; Charles Campbell and George W. Fuller, vice-presidents Fidelity Trust Company, and Lee Clark, Henry C. Brent, Frank L. Hall, C. A. Murdock, Frank Hagerman, Leon Smith and John W. Jenkins, directors of the Fidelity Trust Company.

—Walker Hill, president of the Mechanics-American National Bank of St. Louis, has been elected to succeed James E. Smith as president of the Business Men's League of St. Louis, an honor that is an indorsement of his splendid character and ability as an executive.

SOUTHERN STATES.

—Directors of the Bank of Portsmouth, Va., have added $5,000 to the bank's surplus out of the past six months' earnings. The surplus is now credited with $80,000. The bank is planning for the erection of a modern building, to be located on one of the busiest corners in the city.

—The National State Bank of Richmond, Va., reports loans and discounts of $3,253,-515; a capital of $500,000; a surplus and undivided profits fund of $445,404; deposits of $3,207,256, and total resources of $4,-427,004.

—A bank's strength lies in a great measure in its paid-up capital and surplus. These two items are exceptionally strong in the First National Bank of Huntington, W. Va., which reports a capital of $500,000 and surplus of $250,000. Then there are $500,000 of shareholders' liability, making a total of $1,250,000 security to depositors. Total deposits are now $1,736,370.

—The Merchants and Mechanics' Savings Bank of Macon, Ga., began business on January 3 with a capital of $25,000 and the following officers: W. I. Morgan, president; W. A. Taylor, vice-president; T. W. Hawkes, cashier.

—The Fulton National Bank of Atlanta, Ga., opened for business in modern and

complete quarters in the English-American building in Atlanta, January 25. The capital is $300,000, and the officers are: William J. Blalock, president; Julius Bashinski, Jr., and M. R. Emmons, vice-presidents; A. B. Simms, cashier, and Henry B. Kennedy, assistant cashier.

—Charles G. Rutledge has retired as cashier of the Ayers National of Jacksonville, Fla. He is succeeded by Frank J. Heinl.

—The Calcasieu Trust and Savings Bank of Lake Charles, La., which has purchased the business of the First National of Jennings, First National of Lake Arthur, First National of Welsh, became effective January 1. The enlarged concern is capitalized at $150,000, with a surplus of $100,000, and reported on January 12 deposits of $1,568,360, and loans and discounts of $1,285,721. Branches will be maintained at Jennings, Welsh, Lake Arthur, and Kinder, La.

—The German-American National Bank of New Orleans, La., has reduced its capital from $1,325,000 to $1,000,000. The reduction was approved by the stockholders on December 15 and became operative on December 28. It was effected through the surrender by the stockholders of twenty-five per cent. of their holdings at $180 per share. The action reduces the entire working capital from $2,230,000 to $1,650,000, the surplus being brought down from $675,000 to $500,000 and the undivided profits from $230,000 to $150,000. At the time of the organization of the institution in 1905 it was planned to start with $1,000,000 capital, but, owing to the demand for the stock, the amount was fixed at $1,200,000. The following year, when the Security Bank and Trust Company was acquired, the capital was increased to $1,325,000. In the statement to the stockholders calling the meeting to reduce the capital and surplus, it was said that the immediate effect of the reduction would be a considerable decrease in the amount of the annual taxes, with every probability of a substantial increase of the bank's earning capacity.

—When the splendid building shown here is completed for the American National Bank of Austin, Texas, it will establish a new skyline for Austin, for which the city must thank George W. Littlefield, the president. Italian marble and bronze will be the main units in design of the bank's interior on the first floor. The bank will realize an income from the tiers of offices in the upper stories.

Proposed Building to be completed early in 1910 by the American National Bank of Austin, Texas.

—One of the folders recently issued by the Union Bank and Trust Company of Houston, Texas, contained a comparative table of deposits that indicated a remarkable and exceptionally rapid growth. Four years ago, on January 1, the Union had deposits of $1,075,378; on the first day of 1910 the bank had $6,706,549 of deposits. Total resources for the same length of time have climbed from $1,721,684 to $7,523,245.

—The Capital National of Jackson, Miss., makes the following favorable showing at the close of business, January 10: Loans and discounts, $575,015.30; U. S. and other bonds, $302,100; cash and due from banks, $420,843.22; total resources, $1,431,635.42. The capital is $200,000; surplus and profits, $99,220.09, and deposits, $933,415.33.

--The Merchants' National of Houston, Texas, rendered an extremely gratifying report at the close of business December 31. Loans and discounts, $1,231,134.50; U. S. and other bonds and investments, $153,600; cash and due from banks, $1,397,669.24; total resources, $3,493,055.50. The capital is $250,000; surplus and profits, $178,129.37; deposits, $2,902,426.13. Comparison with the statement made a year ago shows an increase in cash of $550,000, and in deposits of $819,500; while after providing for all expenses and taxes, charging off doubtful loans, etc., the bank was able to pay $25,000 in dividends and to pass $15,000 to undivided profits, from the net earnings of 1909. This certainly is an excellent record.

—On December 31, 1909, the Bankers Trust Company of Houston, Texas, reported a capital of $500,000, a surplus of $25,000, undivided profits of $47,615; trust funds, $25,000, and debenture certificates, $50,000. Total resources are now $647,728.

—At the annual meeting of the Cleveland, Tenn., National Bank, W. P. Lang, cashier, was promoted to first vice-president, and Frank J. Harle, assistant cashier, to the cashier's place. These elections increased the number on the board from five to seven.

WESTERN STATES.

—The first and last statements of the Denver National Bank of Denver, Colo., as rendered to the Comptroller of the Currency, show a splendid growth, of which any institution may well be proud. On December 20, 1884, the Denver National had total resources of $405,789.59; on November 16, 1909, $13,145,506.50. Loans and discounts increased from $38,182.25 to $5,928,-449.56; deposits from $188,289.59 to $11,-311,072.58. Twenty-five years ago the bank had a capital of $217,500 paid in and no surplus. Today it has a paid-in capital of $500,000 and surplus and undivided profits of $840,333.92.

—W. E. Ritchie, vice-president, and Thomas A. Hagler, assistant cashier, of the First National Bank of Tulsa, Okla., have handed in their resignations, to take effect February 1.

—The Planters and Mechanics State Bank of Oklahoma City, Okla., has made application for permission to increase its capital from $25,000 to $50,000.

—The Citizens' State Bank of Clay Centre, Kansas, has been absorbed by the People's National Bank of that place. The presidency of the People's, which had become vacant through the death of L. McChesney, was offered to William Docking, cashier of the institution, at a meeting of the directors on December 20. He declined the office, however, and submitted a plan whereby the business of the Citizens' could be taken over, which was subsequently approved and carried out. Mr. Docking retains the cashiership of the enlarged bank, of which F. B. Fullington has become president. Mr. Fullington was president of the Citizens'. J. G. Cowell, cashier of the Citizens', has been chosen second vice-president of the People's.

—Directors of the First National Bank of Helena, Ark., have elected S. S. Faulkner president for the coming year; Aaron Meyers, vice-president; C. C. Agee, cashier; Robert Gordon, Jr., assistant cashier, and M. L. Stephenson, attorney. For the past year the First National of Helena has paid a quarterly dividend of two and one-half per cent. each quarter, and has transferred ten per cent. to the surplus, which makes that fund $120,000, the same as the capital.

—The Citizens' Bank of Monticello, Ark., makes a flattering report as of January 4: Loans and discounts, $185,689.13; bonds, $25,000; cash and exchange, $78,804.84; total resources, $296,011.06. The capital is $35,000; surplus and profits, $57,080.35; deposits, $203,930.62.

—Walker Brothers, bankers, of Salt Lake City, announce the following changes in their official staff: L. H. Farnsworth, vice-president, in place of Thomas Weir, resigned; E. O. Howard, cashier; W. E. Lake, assistant cashier. They also an-

nounce the election of the following new directors, viz., George D. Auerbach, Frank A. Druehl and Charles N. Strevell.

—Following the annual meeting of stockholders of the Prescott National of Prescott, Ariz., at which the directors were reelected, F. M. Murphy retired as president of the bank, and at his request, R. N. Fredericks, who has been cashier since 1901, was elected in his stead. Mr. Murphy, who organized the bank in 1893, retired in order to attend to his other large business affairs, and also to permit of a suitable recognition of the services of Mr. Fredericks, who has been a most zealous and capable officer, and who has brought the assets of the bank up from $500,000 to $1,500,000. Mr. Fredericks has long been prominent in Prescott business circles and his promotion is favorably regarded by the community. His place as cashier has been filled by the appointment of H. A. Cheverton, who has been assistant cashier since 1907, and whose rise in the banking business has been rapid. The other officers, Morris Goldwater and F. G. Brecht as vice-presidents, were reelected. George E. Meany was appointed assistant cashier.

PACIFIC STATES.

—A. F. McClaine, formerly vice-president of the Traders National Bank of Spokane, was elected to the presidency at the annual meeting on January 11, succeeding Aaron Kuhn, who becomes chairman of the board of directors. Other officers are: Vice-president, D. M. Drumheller; cashier, Charles A. McLean; assistant cashiers, E. V. Klein and W. T. Triplett. The directors are: Alfred Coolidge, A. F. McClaine, D. M. Drumheller, A. B. Campbell, James Monaghan, N. Fred Essig, J. A. Schiller, M. M. Cowley, Joseph H. Spear and William G. Graves. The last two were named to succeed Charles S. Eltinge of Seattle and Frank C. Robertson of Miles City, Mont.

—Directors of the Old National Bank of Spokane have re-elected D. W. Twohy to the presidency, also re-elected the other officers as follows: Vice-president, Thomas J. Humbird; cashier, W. D. Vincent; assistant cashiers, W. J. Kommers, J. A. Yeomans and W. J. Smithson. The directors are: Jay P. Graves, Patrick Welch, F. A. Blackwell, August Paulsen, F. B. Grinnell, W. J. C. Wakefield, Levi Ankeny, J. D. Farrell, T. L. Greenough, T. J. Humbird, Thomas Wren, W. D. Vincent, John Twohy, J. P. McGoldrick, John D. Porter and D. W. Twohy. The annual statement shows the bank to be in a remarkably prosperous condition. The figures follow: Capital, $1,000,000; surplus and profits, $250,000; deposits, $9,000,000; cash, $4,000,000.

—Exchange National Bank of Spokane has decreased its directorate from sixteen to twelve members, and the executive officers were re-elected. The present board consists of C. E. McBroom, William Huntley, Thomas H. Brewer, Edwin T. Coman, F. M. Rothrock, J. D. Finley, Albert Held, E. F. Connolly, G. B. Dennis, E. J. Roberts, Louis Ostroski and George R. Dodson. The officers are: E. T. Coman, president; Thomas H. Brewer, vice-president; William Huntley, vice-president; C. E. McBroom, cashier; E. N. Seale and M. W. Lawler, assistant cashiers, and O. M. Green, assistant to the president.

—An eight per cent. dividend has been declared out of the earnings of the Spokane State Bank. This amounted to $4,000. The officers have been re-elected.

—The First National Bank of Colville, Wash., increased its capital stock from $50,000 to $60,000, paid a dividend of eight per cent., added $2,500 to its surplus, and elected these officers at the annual meeting: F. H. Crombie, president; J. H. Young, vice-president; Hugh Waddell, cashier, and A. Rogers, assistant cashier.

—The Bank of Commerce, incorporated with a capital of $100,000, has commenced business on Fillmore street, in San Francisco. The directors are: W. W. Barrett, Robert Davies, Arthur Joel, David Livingston, Charles Loesch, Otto Ottesen, Challen R. Parker, J. W. Treadwell and Emil

White. Mr. Davies, who organized the bank, was until recently cashier of the Bank of Corning, Cal.

—W. J. Hotchkiss has been elected director of the Western National of San Francisco, to succeed F. L. Holland, who resigned to take the management of a new trust company in Sacremento.

—Directors of the First National of Berkeley, Cal., at the annual meeting, January 11, decided to increase the capital stock from $150,000 to $300,000. The deposits of the bank amount to $2,000,000. The Berkeley Bank of Savings, allied with the First National, has increased its capital from $300,000 to $500,000. The officers and directors of both banks were re-elected. Warren Olney, Jr., attorney, and James F. Peck, capitalist, were added to the directorate of the Berkeley National. Walter A. Shockley was elected cashier, to succeed Earl H. Webb, who recently resigned.

—F. M. Smith, the "Borax King," was elected a director of the Central National of Oakland, Cal., at the annual election, January 11, succeeding Charles D. Pierce, who recently died. H. T. Spaulding was chosen as president of the Harbor Savings Bank, succeeding Frank Bilger, who recently resigned. No other official changes were made in the banks of Oakland.

CANADA.

—Excellent trade conditions have prevailed throughout the Dominion for the past year. There has been a rapid development and settling up of the western country, and each of the great banks has had a most successful year. We publish here available statements of the leading banks, the extension of whose branches has kept pace with and assisted in the whole country's development.

Dominion Bank.

A strengthening of the reserve fund by $18,268, the payment of an annual dividend at the rate of twelve per cent., profits showing a slight decline from those of the previous year, but at the satisfactory rate of 15.6 per cent. on the average paid-up capital, are some of the important items of the financial statement of the Dominion Bank. The decline in profits is approximately $20,000. Adding the balance from the previous year of $302,996 and premium on new stock of $18,268 to the net profits, there is a total of $942,191. Dividends account for $478,156, $150,000 was written off bank premises, $18,000 was transferred to reserve, finally leaving a balance of $295,766 to be carried forward. It is significant that the bank's reserve fund now amounts to $5,000,000, being $1,000,000 in excess of the paid-up capital. This and other features of the report indicate that the strong position of the Dominion Bank has been maintained during the past twelve months, and remains a valuable asset for its future course.

Bank of Toronto.

That conservative banking, progessiveness and profits can go hand in hand, is amply

proved by the statement presented at the fifty-fourth annual meeting of the Bank of Toronto. An increase is noticeable in almost every department of the business. The deposits show a gain of $7,694,092, or nearly 29 per cent. over those of the previous year, while during the last five years this item has increased by $17,000,000. A corresponding expansion is noted in loans and investments, which during the twelve months increased more than $6,000,000. Current commercial loans have gained $4,500,000. The reserve fund is now $4,750,000, an addition of $250,000 having been made thereto. The rest account stands at $750,000 in excess of the paid-up capital. Perhaps the most notable gain has been made in assets, which amount to $47,989,693, an increase of $8,234,090. The expansion of this item in five years has been $20,800,187. An interesting fact in this connection is that only fourteen of the other twenty-eight Canadian chartered banks show greater total assets than this particular increase of the Bank of Toronto.

The profits for the year were $579,471, being about fourteen and one-half per cent. on the capital. A ten per cent. dividend was paid, and this amount has been disbursed annually since 1883. The balance carried forward is $68,871. Nine new branches were opened in Ontario and Western Canada during the year.

Provincial Bank.

The sum of $50,000 was appropriated for the payment of dividends of the Provincial Bank of Canada, while a like amount was transferred to the credit of reserve account. The profits for the year amounted to $124,143, which is equal to about twelve per cent. of the paid-up capital of the bank. There was a large increase in deposits over those for 1908, being $6,186,000, against $3,900,000 for the previous year. The number of depositors for 1909 was 24,109, and for 1908, 13,714; this is also an excellent increase. The available assets of the bank amount to $4,453,000, and the paid-up capital, $1,000,000. The reserve account is now equal to about thirty-six per cent. of the latter sum, being $350,000. The bank has forty branches in the Province of Quebec and two in New Brunswick.

Traders Bank.

The net profits of the Traders Bank of Canada for year ended December 31, 1909, were $457,082. Added to this was $190,982, balance at credit of profit and loss last year and $50 for premium on new stock, thus making a sum of $648,114 available for distribution. Of this sum, $315,671 was paid in dividends, $200,000 transferred to credit of rest account; $20,000 written off bank premises and furniture. The sum

of $10,000 was transferred to pension and guarantee funds. This left a balance of $102,443, which was carried forward to next year. The reserve account amounts to $2,200,000, and is equal to over fifty per cent. of the capital stock paid up, the latter being $4,354,500.

The total deposits in the bank are $29,813,194, and of these over $24,000,000 are bearing interest. The Traders Bank has notes in circulation representing over $3,000,000, while as an asset there is $414,198 in gold and silver coin. Call and short loans on stocks, bonds, etc., represent $1,544,818 of the assets, which total $39,963,996, while similar loans in the United States amount to $600,000. Dominion Government demand notes account for $3,633,251, while notes of other banks and checks on same amount to $1,129,309. The sum of $27,389,558 represents current bills discounted, while another asset to reach six figures is bank premises, this item standing at $1,996,459.

Royal Bank.

Increases in almost every item are noted in the annual statement of the Royal Bank of Canada, which has just been published. This includes a gain in net profits of almost $100,000. The paid-up capital of the bank being $4,636,000, the earnings are tantamount to a little more than eighteen per cent. The capital has increased partly by the issue of stock at a satisfactory premium, the paid-up capital now being $5,000,000. The reserve fund was considerably strengthened, $1,100,000 being added

thereto, the total now being $5,700,000. While the bank was benefiting by large increases in deposits, the case with all the chartered banks, the figure in this instance being $14,000,000, the expansion of the loan account amply provided for the credit of the bank's new and old customers. The current loans greatly increased, but the gain was most noticeable in call loans, which rose from $3,000,000 to more than $9,500,000. The Royal Bank has now approximately 124 branches. They are well distributed throughout Canada, thirteen of them catering to the growing business of the West Indies. This report shows a series of gains, making it a notable one of the season.

Canadian Bank of Commerce.

Net earnings for the year amounted to $1,510,695. These, with $161,244 balances at credit of profit and loss from last year, and $300,000 amount recovered from over appropriations in connection with assets now realized, brought up the total amount for distribution to $1,971,940. Out of this sum four quarterly dividends at the rate of eight per cent. per annum, absorbed $800,000; there was written off bank premises, $419,801; a contribution of $20,000 was made to pension fund, and a balance of $722,139 was carried forward. The net profits of the year were equal to a fraction over fifteen per cent. Large increases in deposits indicate the increased confidence of the public, the increase being $25,449,182, of which $9,063,411 is in those non-interest bearing and $16,385,771 in those bearing interest. The total deposits, $120,486,978, of which $31,294,540 are non-interest, and $89,192,438 are interest bearing. The bank's assets are shown at $148,998,482, of which $29,991,384 are immediately available, $16,475,913 of the latter being in coin and bullion and Dominion notes. The liabilities to the public are $132,276,343. The rest or reserve fund is $6,000,000, which is equal to sixty per cent. of the paid-up capital.

Union Bank.

The forty-fifth annual balance sheet of the Union Bank of Canada, head office, Quebec, shows deposits of $34,222,820. The total resources are given at $42,516,480. The paid-up capital is now $3,202,670, the rest account is $1,900,000, and the balance of profit and loss carried forward was $28,676. Net profits for the year, after all reservations had been made, totaled $407,-

541, to which was added $55,262, the balance carried forward from 1908, making a total of $162,803. This sum has been applied as follows: $224,126 for dividends paid quarterly; $100,000 to rest account; $100,000 written off bank premises account; $10,000 for officers' pension fund; and $28,676 carried forward.

METROPOLITAN BANK OF TORONTO.

The Metropolitan Bank of Toronto, Ont., at the close of business December 31, makes a highly gratifying statement. Total assets are $9,039,896.59; cash and bank balances, $2,062,382.70, and deposits, $5,775,482.34. The profit and loss account shows that the net profits for the year 1909 were $130,404.76, which, added to the balance at credit of account December 31, 1908, made a total of $407,809.25. After deducting $80,000 for dividends at the rate of eight per cent., and $20,000 written off bank premises, there remained $307,809.25 balance to be caried forward.

BANK OF OTTAWA.

The thirty-fifth annual meeting of the shareholders of the Bank of Ottawa, Ot-

tawa, was held on December 8, 1909, and the general statement of liabilities and assets is given below. The directors' report showed that after all dividends had been paid, $57,351 applied on reduction of bank premises, and $10,000 transferred to officers' pension fund, there remained $455,919 to be carried forward at credit of profit and loss account. Total assets are given at $39,212,189.

Eastern Townships Bank.

Starting in September, 1859, with a paid-up capital of $101,400, subscribed for by enterprising citizens of the townships, at a period when there was but little development east of the Richelieu, with no banking facilities this side of Montreal and with very little money in circulation, the bank's business has steadily grown, until today it has a paid-up capital of $3,000,000, held by 1,433 shareholders, with a reserve of $2,100,000, and with branches scattered across the continent. The business of the year just closed has improved over that of the previous year, the net earnings being $390,535.45, as against a net profit of last year of $367,111.88, enabling the directors to provide for the usual dividend at the rate of eight per cent. per annum, leaving a balance of $150,535.45. This, together with the amount brought forward from last year of $215,305.98, makes the sum of $365,841.43 available for distribution. Out of this balance of profit and loss, $100,000 has been added to the reserve fund, bringing that amount to $2,100,000, or seventy per cent. of the capital of the bank. Total resources are now $23,731,278.

Home Bank.

An extract from the fourth annual report says: Rates for money ruled lower, but the result of the year's business and the progress made by the bank were satisfactory.

Four quarterly dividends, amounting to six per cent. on the paid-up capital, have been paid and provided for, a sum has been added to the rest, sufficient to make that account equal to one-third of the paid-up capital, and $55,629.65 has been carried forward to the credit of profit and loss account.

Our paid-up capital now amounts to a little over $1,000,000, an increase of over $107,000 since last year, and our shareholders, who numbered 502 last year, now number 891.

Our deposits have increased by nearly $1,000,000, of which $732,000 has been added to the savings accounts and $240,000 to current accounts, an increase to the total deposits of about twenty per cent., a very satisfactory result, we consider. Our circulation is also somewhat in excess of last year.

We have added to the rest account $35,948, making it $333,653, equal to thirty-three per cent. of the paid-up capital, and transferred the balance, $55,629.65, to profit and loss account.

We have opened during the year branches at Sunderland, Ont.; Lyleton and Crystal City, Man.; and Sintaluta, Sask. The total assets show an increase of $1,182,220.76.

Bank of Hamilton.

The profits for the year, after making the usual deductions, were $382,332, a gain of six per cent. over the same item in 1908. The sum of $27,140 was received as premium on new stock. Added to profits and premium was the balance brought forward of $301,097, making a total of $710,569, which was reduced by the payment of four quarterly dividends at the rate of ten per cent. per annum, totaling $249,764.

The reserve fund was strengthened by an addition of $27,140, this being the exact amount of premium received on new stock. The rest account now totals $2,500,000, which is equal to the bank's capital stock.

The Bank of Hamilton has shared with other institutions the large amount of de-

posits available during the past year, its account on November 30 amounting to $30,-981,464. It has helped the general development of the country by expansion of its loan account and a balance of $403,665 is carried forward, being a sum more than $100,000 in excess of the balance contained in the last report.

AUSTRALIA.

Bank of New South Wales.

The report of the Bank of New South Wales makes an unusually fine showing. The profits for the six months ended September 30 amounted to £182,360, as compared with only £167,930 for the corresponding period of 1908, while the sum brought in was also larger. The reserve fund was increased to £1,700,000, and the balance forward is now £45,700.

Several interesting observations characterized the chairman's speech at the general meeting. Fifteen new branches and five agencies have recently been opened, raising the total number of the former to 253, and this unusually rapid development, he stated, was due to the closer settlement policy.

BANKS CLOSED AND IN LIQUIDATION.

ILLINOIS.

Philo—First National Bank; in liquidation, January 1.

INDIANA.

New Albany—Merchants National Bank; in liquidation, December 21.

IOWA.

New London—First National Bank; in liquidation, December 31.

Shenandoah—Commercial National Bank; in liquidation, December 20.

MASSACHUSETTS.

Lynn—National Security Bank; in liquidation, January 3.

MICHIGAN.

Kalamazoo—City National Bank; in liquidation, January 1.

OHIO.

Columbiana—First National Bank; in liquidation, December 15.

OKLAHOMA.

Mill Creek—Merchants & Planters National Bank; in liquidation, November 30.

PENNSYLVANIA.

Edwardsville—First National Bank; in liquidation, January 3.

TENNESSEE.

Union City—First National Bank; in liquidation, January 10.

TEXAS.

Crowell—Foard County National Bank; in liquidation December 11.

San Antonio—Union Trust Co.; closed, January 15.

Walnut Springs—First National Bank; in liquidation, December 30.

WASHINGTON.

Connell—Connell National Bank; in liquidation, December 15.

GROWTH OF WESTERN CANADA.

GROWTH of twelve leading towns and cities in western Canada shows a remarkable gain. In 1901 these twelve places embracing Winnipeg, Brandon, Calgary, and smaller places, had a total population of 69,798. By 1906 this had increased to 156,490, and at the end of 1909 to 269,165, an increase of seventy per cent. in three years, or of 284 per cent. in the eight years.

In 1907, building operations in these twelve towns amounted to $14,500,000. In 1908 they were $11,660,000; in 1909, $20,-687,000, or a total of $47,000,000 in less than three years. The customs revenues of these towns have gone up from $1,071,000 in 1901 to $4,751,000 in 1909, an increase of 343 per cent. The value of 1909 wheat inspected up to Dec. 31, was $59,000,000, and total value of the year's crops and livestock $85,600,000, compared with $73,980,-000 in 1908.

FARM PRODUCTS VALUES.

THE Department of Agriculture has issued the following statement on farm products as of Jan. 1, 1910: Average price of horses $108.19. Total value of horses $2,276,363,000.

Mules, $119.84; total value, $494,095,000;

Milch cows, $35.79; total value, $780,-308,000;

Other cattle, $19.41; total value, $917,-453,000;

Average price of sheep, $4.08; total value of sheep, $233,664,000; average price of swine, $9.14; total value, $436,603,000.

Compared with Jan. 1, 1909, the following changes are indicated: Horses, increase $400,000,000; mules, increase $70,000; milch cows $81,000; other cattle, decrease $2,100,-000; sheep, increase $1,132,000; swine, increase $6,365,000.

Total value of all animals on Jan. 1 was $5,138,086,000 compared with $4,525,259,000 on Jan. 1, 1909, an increase of $613,227,000 or 13.6 per cent.

GENERAL THOMAS L. JAMES.

THE

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ELMER H. YOUNGMAN, Editor

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QUEER DOINGS AT WASHINGTON.—GRADUAL ABSORPTION OF LEGISLATIVE FUNCTIONS BY THE EXECUTIVE.

AT the end of the first year of the new Administration, it is possible to form some idea of its aims and achievements. To begin with the latter: There have been enacted three important pieces of legislation—the tariff law, the Federal tax on corporations, and a resolution proposing to amend the Federal Constitution so as to permit of the imposition of an income tax. This resolution, to become effective, must be ratified by the legislatures of three-fourths of the States.

The Federal Corporation Tax.

Of these measures, the tax upon the incomes of corporations presents the most novel and interesting features. The tax seems to have been imposed not merely for revenue purposes, but in order to bring corporations under the supervision of the Federal Government.

When objections were raised, that it would be inequitable to tax a corporation engaged in a certain line of business, and to exempt individuals engaged in the same line, the reply was made that individuals engaged in business were, in case of insolvency, liable to the full amount of their possessions, while shareholders of corporations were liable only to the amount of stock held. But the framers of this law took no notice of the fact that shareholders in all national banks, and in many State banks, are liable to an additional amount, equal to their holdings, in case of failure. The banks, notwithstanding they are not on an equal footing with other corporations in this respect, were taxed at the same rate.

But the banks of the country are threatened with a still greater inequality. The Attorney-General of the United States has ruled that under the corporation tax law the income from United States bonds, when forming part of the income of a corporation, can be taxed, although it is specifically declared upon the face of the bonds that the principal and interest are exempt from the payment of all taxes and duties of the United States, as well as from State and local taxation.

Now this is a question of great importance to the banks of the country. The national banks alone hold over $700,000,000 of United States bonds, most of them bearing the low rate of two per cent. interest. No doubt one of the considerations that induced the banks to buy these securities was their exemption from taxation. And the Federal Government when it sold the bonds contracted to this effect. As there happens to be in the Federal Constitution a provision that Congress shall make no law impairing the obligation of contracts, it is probable that this attempt of the Federal Government to nullify its contract with the bondholders will fail to stand the test of the Supreme Court. But the attempt it-

self can hardly fail to injure the public credit, for it evidences either great carelessness upon the part of the Government or a disposition to disregard solemn obligations under the pressure of necessity.

The Income Tax.

The passage by Congress of the joint resolution providing for an amendment to the Federal Constitution permitting the imposition of an income tax, requires but little notice, for the reason that it appears probable that the measure will fail to receive the sanction of a sufficient number of the State legislatures to make it operative.

One objection to the tax has been that it proposes to tax income from all sources. If this amendment were adopted, it would probably render the income from United States bonds taxable; but certainly it would enable the Federal Government to tax the income derived from State and municipal securities, and this is one of the chief objections urged against the amendment.

It would hardly be probable—though it would be possible—that Congress would pass an income tax law containing this objectionable feature.

An income tax would afford an important source of revenue to the Government in time of war, and perhaps the tax, if authorized, should only be imposed in case of necessity.

Administration Proposals.

Our system of government seems gradually to have undergone a change from what its founders designed it to be. The President, instead of being an executive with clearly-defined powers, has gradually come to be a dominating factor in legislation. He thus exercises the executive functions intended by the Constitution, but has acquired others which the Constitution did not contemplate.

This change in the method of legislation in the United States probably illustrates the familiar principle that those authorized to legislate or to govern must exercise those powers or they will be appropriated by others.

In this country, for some years, the Senate of the United States has been declining in the public confidence, and very lately the House has fallen under even greater suspicion, chiefly from the fact that it has come to be controlled in a way that is unpopular, to say the least. As the House makes its own rules of procedure, the attempt to shift responsibility for present conditions from the House itself to the shoulders of the Speaker seems somewhat childish.

But with the decline of both branches of Congress in the public estimation, the Presidential office has advanced to a position far more important than it occupied in the early history of the country, or, indeed, until quite a recent period. The President no longer contents himself with executing the laws, giving to Congress from time to time information as to the State of the Union, and recommending such measures as he shall judge necessary and expedient. Hardly is a new President inducted into office before he marks out a comprehensive legislative programme. The chief function of his office—the execution of existing laws—seems to be obscured by the passion for new legislation—not alone such as may be necessary to carry out the laws found upon the statute books, but he not infrequently proposes and insists upon the enactment of laws that are new and novel in their character.

We have a present illustration of this tendency in some of the legislative measures advocated by President Taft. He has shown almost a petulant attachment to the postal savings bank project, and hardly less devotion to his proposal for a Federal incorporation law.

These schemes are novel and imply a

radical departure from governmental policies long established.

Postal Savings Bank.

The postal savings bank plan is certainly of doubtful wisdom. It proceeds upon the assumption that by some sort of financial legerdemain the Federal Government can do something for the people which the State governments can not do. Facts fail to bear out the assumption. Where a demand for savings facilities exists, it has been supplied by institutions that are safe and that pay to savings depositors three or four per cent. as compared with the two per cent. which the postal savings bank could pay.

The East has established a safe system of savings banks where all the profits go to depositors.

The Middle West, generally, has provided for a mixed system of commercial and savings banks, apparently better adapted to the needs of that section than the mutual savings banks would be, but the Middle West is gradually engrafting the savings bank principle on its laws, that is, savings deposits are being separated from other deposits and invested in high-grade securities.

In sections of the country, other than those named, the people who have savings have found safe and profitable means of investing them, in building and loan associations, fraternal organizations, and in a variety of ways.

With no Federal help whatever, but merely using the facilities provided by the State legislatures, the number of savings banks in the United States increased from 849 in 1889 to 1703 in 1909, the number of depositors from 4,000,000 to 8,000,000, and the deposits from $1,425,000,000 to $3,713,000,000. These figures are taken from the Annual Report of the Comptroller of the Currency, and as they do not include savings departments in national banks, and probably omit some other savings not reported to the Comptroller, they probably fall short of representing the actual growth of savings deposits in the United States.

Placing a fair construction on these figures, it might be concluded that the savings deposits of the country are growing fast enough.

But the President, evidently, regards them as unsatisfactory. He proposes to get more savings by using what is in effect a Government guaranty, but as a slight compensation for exercising this act of benevolence toward the "poor and ignorant" who are supposed to distrust the existing banks, the postal savings bank, under Federal auspices, will pay only two per cent. interest, although the savings institutions operating under State authority manage to pay three and four per cent.

Federal Charters for Corporations.

The proposed Federal incorporation of industrial corporations is a more startling innovation than the postal savings scheme.

On the face of it, this looks like a device to prevent the corporations from being harassed by conflicting State laws, but in addition it will certainly result in transferring the supervision of many corporations from State to Federal authority. This will give the general Government a tremendous grip on the business interests of the country, possibly subjecting them to political influences from which they have been heretofore exempt.

The President seems to be under the impression that the people, acting through their State legislatures, have shown unfitness in governing themselves. He therefore proposes that the Federal Government take over certain functions heretofore exercised by the States.

In one field of operations the Federal Government has had a monopoly for many years—in carrying the mails,

but for some time the Post Office Department has been unable to pay expenses.

Now it is proposed to have the Government go into the savings bank business, although it is confessed at the outset that a postal savings bank, under Federal auspices, will be able to pay only about one-half the interest paid by savings banks operating under State authority.

With these examples of actual and prospective inefficiency of the administrative capacities of the Washington Government, the people of the States may well pause before turning over to this same authority the regulation of corporate enterprise, and with it the power to "supervise" business of concerns engaged in inter-State commerce.

Reverting again to the power attained by the President of the United States in shaping legislation, it must be said from a purely personal standpoint, that this is rather to his credit than otherwise. Plainly, the people have had more confidence in ROOSEVELT and TAFT than they have in ALDRICH and CANNON.

While the appointive power of the President would enable him to coerce members of Congress to support his policies, no one believes that the President has made such misuse of his power. But, on the other hand, where the President becomes the ardent champion of a particular legislative programme, proposing it in fact, this makes it difficult for the members of Congress to exercise their undoubted right to oppose this programme, because of fear of incurring the hostility of the President.

Probably the President of the United States has grown to be a much more important factor in the making of the laws than was intended by the Constitution. Possibly, also, his extra-constitutional activities may be less beneficial to the people than the President imagines.

President GRANT once declared that "this is a country where the will of the people is the law of the land." True enough, the President may become the representative of that will; but so far as relates to the enactment of laws, it can hardly be said that the Constitution has invested him with anything like the authority he has come to exercise.

ALL LEGISLATIVE POWERS VESTED IN CONGRESS.

Article I, Section 1, of the Constitution of the United States declares: "All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives."

It will be seen that the President is given no power to participate in legislation, but all legislative powers granted in the Constitution are vested in the Congress.

But the President is directed to recommend measures that he may deem necessary and expedient. Section 3 of Article II says: "He [the President] shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient."

An insistence by the President on certain legislative policies looks too much as if he were endeavoring to command where the Constitution only authorizes him to recommend. Mr. ROOSEVELT would hardly have relished the polite euphemism of "recommendations" being applied to some of his startling messages to Congress.

With the greatest respect for the office of President, and for the courage, honesty and ability of the man who now occupies it, the belief may be expressed that for any evidence yet given

to the contrary, the Constitution wisely placed the legislative authority in the hands of a Senate and House of Representatives, and not in the hands of the President of the United States.

Tendency of State Executives to Usurp Legislative Powers.

This tendency of the executive to appropriate to himself the extra-constitutional function of a legislator is not confined to the Presidential office. Many of the Governors of the States seem to conceive their chief duty to be legislative rather than executive. They are, like the President, continually harping on the necessity of passing more and more laws.

This decline of the power of legislative bodies and the assumption of part of their functions by the executive authorities may indicate that the popular assemblies clothed with the law-making powers have failed to a considerable extent in discharging their duties. If the executives shall practically dictate the legislative policy, the popular, representative form of government contemplated by the Federal and State constitutions will have been supplanted by something savoring of a government carried on by a popularly-elected dictator.

A striking confirmation of the growing disposition of executives to assume if not to usurp legislative functions was afforded by the following announcement, taken from a recent issue of a New York city newspaper: "Governor Hughes will pass a new law for Wall Street." Not even that he will have a law passed, but that he will pass a law!

Doubtless the President and the Governors of the respective States, as leaders of their parties, must be expected to display more or less activity in shaping legislation, but there is danger that this activity may cause them to lose sight of the main function of their offices, which is the enforcement of laws already made, not the manufacture of new statutes.

If executive energies were employed in discharging sworn duties, the country might be able to dispense with most of the new legislation proposed by the President and the executives of the forty-six States.

PRESIDENT TAFT'S special message on Corporations deal with matters of the grestest importance to the business interests of the United States.

Whether one agrees with the President's recommendations or not, it must be conceded that he has handled these grave questions calmly and ably, without resorting to violent language calculated to injure legitimate business interests.

The President urged the establishment of a "United States Court of Commerce," to deal with certain cases arising under the Inter-State Commerce Act, and proposed the Federal incorporation of corporations engaged in inter-State and foreign commerce.

The President does not think the present anti-trust law needs amendment so as to exempt from its penalties business combinations that do not attempt to create a monopoly or unlawful restraint of trade.

We make some quotations from the President's message:

"It is possible for the owners of a business of manufacturing and selling useful articles of merchandise so to conduct their business as not to violate the inhibitions of the anti-trust law and yet to secure to themselves the benefit of the economies of management and of production due to the concentration under one control of large capital and many plants. If they use no other inducement than the constant low price of their product and its good quality to at-

tract custom, and their business is a profitable one, they violate no law. If their actual competitors are small in comparison with the total capital invested, the prospect of new investments of capital by others in such a profitable business is sufficiently near and potential to restrain them in the prices at which they sell their product. But if they attempt by a use of their preponderating capital and by a sale of their goods temporarily at unduly low prices to drive out of business their competitors, or if they attempt, by exclusive contracts with their patrons and threats of non-dealing except upon such contracts, or by other methods of a similar character, to use the largeness of their resources and the extent of their output compared with the total output as a means of compelling custom and frightening off competition, then they disclose a purpose to restrain trade and to establish a monopoly and violate the act."

* * * * * *

"The Supreme Court in several of its decisions has declined to read into the statute the word 'unreasonable' before 'restraint of trade,' on the ground that the statute applies to all restraints and does not intend to leave to the court the discretion to determine what is a reasonable restraint of trade. The expression 'restraint of trade' comes from the common law, and at common law there were certain covenants incidental to the carrying out of a main or principal contract which were said to be covenants in partial restraint of trade, and were held to be enforcible because 'reasonably' adapted to the performance of the main or principal contract. And under the general language used by the Supreme Court in several cases, it would seem that even such incidental covenants in restraint of inter-State trade were within the inhibition of the statute and must be condemned. In order to avoid such a result, I have thought and said that it might be well to amend the statute so as to exclude such covenants from its condemnation. A close examination of the later decisions of the court, however, shows quite clearly in cases presenting the exact question, that such incidental restraints of trade are held not to be within the law and are excluded by the general statement that, to be within the statute, the effect upon the trade of the restraint must be direct and not merely incidental or indirect. The necessity, therefore, for an amendment of the statute so as to exclude these incidental and beneficial covenants in restraint of trade held at common law to be reasonable does not exist."

* * * * * *

"Many people conducting great businesses have cherished a hope and a belief that in some way or other a line may be drawn between 'good trusts' and 'bad trusts,' and that it is possible by amendment to the anti-trust law to make a distinction under which good combinations may be permitted to organize, suppress competition, control prices, and do it all legally if only they do not abuse the power by taking too great profit out of the business. They point with force to certain notorious trusts as having grown into power through criminal methods by the use of illegal rebates and plain cheating, and by various acts utterly violative of business honesty or morality, and urge the establishment of some legal line of separation by which 'criminal trusts' of this kind can be punished, and they, on the other hand, be permitted under the law to carry on their business. Now the public, and especially the business public, ought to rid themselves of the idea that such a distinction is practicable or can be introduced into the statute. Certainly under the present anti-trust law no such distinction exists. It has been proposed, however, that the word 'reasonable' should be made a part of the statute, and then that it should be left to the court to say what is a reasonable re-

straint of trade, what is a reasonable suppression of competition, what is a reasonable monopoly. I venture to think that this is to put into the hands of the court a power impossible to exercise on any consistent principle which will insure the uniformity of decision essential to just judgment. It is to thrust upon the courts a burden that they have no precedents to enable them to carry, and to give them a power approaching the arbitrary, the abuse of which might involve our whole judicial system in disaster."

* * * * * *

"I therefore recommend the enactment by Congress of a general law providing for the formation of corporations to engage in trade and commerce among the States and with foreign nations, protecting them from undue interference by the States and regulating their activities, so as to prevent the recurrence, under national auspices, of those abuses which have arisen under State control. Such a law should provide for the issue of stock of such corporations to an amount equal only to the cash paid in on the stock; and if the stock be issued for property, then at a fair valuation, ascertained under approval and supervision of Federal authority, after a full and complete disclosure of all the facts pertaining to the value of such property and the interest therein of the persons to whom it is proposed to issue stock in payment of such property. It should subject the real and personal property only of such corporations to the same taxation as is imposed by the States within which it may be situated upon other similar property located therein, and it should require such corporations to file full and complete reports of their operations with the Department of Commerce and Labor at regular intervals. Corporations organized under this act should be prohibited from acquiring and holding stock in other corporations (except for special reasons upon approval by the proper Federal authority), thus avoiding the creation, under national auspices, of the holding company with subordinate corporations in different States, which has been such an effective agency in the creation of the great trusts and monopolies."

If all business combinations could feel assured that they are not subject to the penalties of the anti-trust laws, they would no doubt be very ready to agree with President TAFT in thinking that the law does not need amending. But while the fear exists that almost any large business combination may be subject to prosecution for violating the anti-trust law, the business of the country will be carried on in a state of uncertainty. The President now believes that the decisions of the Supreme Court are a sufficient safeguard, though he at one time thought an amendment of the law to be necessary. It may be said, however, that a very little uncertainty in business matters is quite enough to produce serious injury. No doubt, from a political standpoint, a reasonable amendment of the law would be open to the charge of favoring the trusts.

The President does not propose Federal incorporation as a means of gaining immunity from prosecution for violating the laws against trusts, but does suggest that by this step the great business corporations will be relieved of the inconveniences arising from the great diversity of the State laws relating to corporations.

The growth of railway communication and the multiplication of telegraph and telephone lines, etc., have brought the people of the various States into close business and social relations, and some changes in the laws will probably follow as a natural consequence.

AS the breakfast-food advertisement declares, "there is a reason" why a central bank will fail to win public

approval. This reason was pointed out in the Annual Financial Review issued by the New York "Times," in an article by Hon. CHARLES G. DAWES, former Comptroller of the Currency, and now president of the Central Trust Company of Illinois, of Chicago.

"The objection urged against the establishment of a central bank," says Mr. DAWES, "that in a democracy like ours it will invite radical attack in proportion as it exercises powers, which must be large if it is to perform useful functions, and that such attacks may, and probably would, compel at times policies of retrenchment on its part extremely prejudicial to general business, cannot be lightly brushed aside.

"It has been stated as apparently furnishing a conclusive argument that to admit it is to admit that we cannot do in the United States what the Governments of Europe have successfully done. The answer to this is that we have twice tried and twice failed. If we had failed because the first and second banks of the United States had not performed properly the functions for which they were created—had not restored the credit of the currency—had not helped to equalize interest rates in the different sections—had not facilitated exchanges nor been of great assistance to governmental financing, there might be ground for the hope that in the proposed experiment our presumably larger knowledge of banking might, by the greater perfection of the plan, obviate the dangers which wrecked these two great institutions of the past.

"But we did not fail to establish useful banks, which, for a long time, corrected conditions far worse than any which confront us now. We failed because the central bank focused upon itself that burning issue which must always be alive while republics live—that involved in the question of centralization of power in large establishments as distinguished from its diffusion among a large number of small ones. Such a discussion cannot fail to affect adversely an institution with large demand liabilities and dependent upon its credit for its profitable and useful existence, and through it thus affect the business of the country."

As Mr. DAWES says, there are no signs that this hostility would be less now than when it destroyed the two central banks that we have already tried. On the contrary, it is believed that even greater hostility would either be encountered at the outset of the central bank's career or would rapidly develop in the early stages of its history.

Why not accept facts as they are, and acknowledge—without denying the great beneficent possibilities of a central bank—that this country, after two experiments, has decided against that form of institution?

It does not follow that in deciding against a central bank we are to have no efficient remedy for present conditions. By putting all bank credits upon the gold basis, and by increasing the capital and reserves of the reserve city banks, and by securing some coöperation, either voluntary or otherwise, among these institutions, we shall go a long ways toward gaining all the advantages that could be got from a central bank, and we shall escape the harmful possibilities that would attach to such an institution.

ONE of the restrictions upon banking in the State of New York which would no longer seem necessary was thus referred to in the recent report of the Superintendent of the State Banking Department:

"In the early history of banking in this State, when the right to issue money was considered of prime importance to our banks, the laws governing such privilege were most comprehensive. Among other restrictions regarding the

issue of bills, notes and like promises to pay it was provided that certificates of deposit issued by State banks must be payable on demand.

"Since that time the character of our banking has materially changed, and the note issue privilege is no longer exercised by State banks. Deposits of money for fixed periods are recognized by bankers as proper and desirable business, and there can be no economic reason for preventing our banks from accepting such deposits.

"The trust companies of this State may issue time certificates of deposit, and are not required to carry a reserve against the sums represented by certificates not payable within thirty days. There can be no reason for continuing this discrimination, and, unless some legal impediment exists, it is only just and equitable that State banks be given the same privilege now enjoyed by trust companies.

"I, therefore, recommend that the law be so amended as to permit State banks to issue time certificates of deposit, provided no such certificate shall be issued except as representing money actually on deposit."

The necessity of this prohibition has passed away with the discontinuance of the note-issuing functions by the State banks, and no good reason now exists why these institutions, following the example of the national banks and trust companies, should not be permitted to issue time certificates.

The time certificate is subject to some abuse, not infrequently being used as a device for virtually borrowing money, but of course whatever objection applies to it attaches to its employment by the banks of this State that are now permitted to make use of it.

On the other hand, if commercial banks are to pay interest on deposits, the time certificate probably affords the most convenient means that can be devised for such purpose.

ACCORDING to newspaper report, a justice of the New York Supreme Court recently said:

"The age of patriotism has yielded to the age of commercialism. Uppermost in the human mind to-day is not the Stars and Stripes, but the dollar mark."

Yet the woods are filled with patriots and reformers—never so many of them; at least, not in our time. And things are really not so very black after all. What is patriotism, anyway? Shouting for the flag and an appropriation for battleships? Perhaps so. That kind of patriotism is still abundant. But there is another kind much in vogue—education, sanitation, practical helpfulness all around—really, was there ever more of this solid kind of patriotism in the world's history? The judge should rub the fog from his spectacles and cheer up.

AN important recommendation regarding savings deposits in commercial banks is made by Superintendent CHENEY of the New York State Banking Department in his recent annual report. The Superintendent says:

"The laws governing the savings banks in this State have long been commended and largely copied by other States in the Union. With the purpose of properly protecting the savings of the provident poor these laws provide, among other things, for the investment of those savings in specified securities. Depositors to whom the safety of principal should be the first and main consideration are thus protected against the hazards which sometimes confront the active merchant in his banking.

"In order that the depositor with small savings may not be misled as to the kind of institution in which he places his funds it is further provided that no banking institution in this State, except a savings bank, may use the word 'savings' in its business, or in any way so-

licit or receive deposits as a savings bank.

"Despite this provision of the law, there has been a growing tendency upon the part of commercial banks and trust companies to create 'interest departments' and 'savings departments,' and to advertise that they will receive in those departments deposits of from one dollar up, issuing therefor pass-books similar to those used by savings banks, and in many cases assuring the depositors in such departments that their funds are receiving the same care as they would receive if deposited in savings banks.

"The State of New York, having deemed it necessary and proper to provide ample protection for the savings of its frugal poor when deposited in savings banks, it is certainly neither consistent nor right to permit other institutions chartered by the State to solicit and receive similar deposits without requiring that such deposits shall be given like protection.

"This proposition leads to the conclusion that when savings deposits are sought and received by a bank of discount or a trust company they should be segregated from the commercial and other deposits and invested only in those securities in which savings banks may lawfully invest their funds. Requirements to that effect have already been adopted in a number of States. Wherever enacted they have been found to operate satisfactorily, and I believe that it would be a distinct gain to New York to have similar laws.

"The removal of the steady, nonfluctuating volume of the savings deposits from use in extending commercial credits and other financial operations, and the investment of such deposits in bonds and mortgages, and in those securities which are lawful investments for savings banks, would tend to regulate interest payments, avoiding that offense to sound banking prevalent in some sections of our State, namely, excessive interest rates paid on active bank balances.

"I recommend that banks and trust companies establishing or maintaining interest or savings departments for the benefit of the provident and frugal poor be required to invest the deposits in such departments in accordance with the laws governing the investment of savings bank funds."

This recommendation is undoubtedly sound in principle, for in no other way can the safety of savings deposits be so well assured as by setting them aside in a special fund and investing them in high-grade securities. If that plan were followed in all the States, it would constitute a practical form of deposit "insurance," and would, perhaps, obviate the demand for legislation for insuring deposits, and would remove the basis that now exists for favoring postal savings banks. In other words, if Mr. Cheney's recommendation were adopted all over the country, the existing banks would afford practically an absolutely safe place in which any one could deposit money. With that end attained, there would hardly be any reason for anybody to want deposit insurance or postal savings banks.

In fact, it is coming to be realized that if savings deposits were more carefully protected the demand for either of these innovations would cease.

Should the Bank Superintendent's recommendation be adopted in New York State, it would be interesting to watch how the savings banks might be affected. Would they not experience a considerable loss in deposits, seeing that so far as regards safety of savings deposits there would then be no choice between a savings bank, a State bank and a trust company? At present the savings banks undoubtedly enjoy a superiority over the other institutions in this respect—they are safer because of the legal restrictions thrown around them—but if these restrictions are made ap-

plicable to the savings deposits of State banks and trust companies, that superiority will be destroyed, all banks (except the national institutions) being brought to the same level in this particular.

Perhaps in an important question of State policy these considerations ought not to be given much weight, nevertheless the savings banks can not feel indifferent to them.

In a State where adequate provision has been made, as it has been in New York, for a class of institutions designed to act as custodians of savings deposits, it would have been more desirable, perhaps, if the commercial banks and trust companies had not entered into competition with the savings banks in obtaining savings deposits. But the tendency seems to be general, that one bank shall do all kinds of banking business.

AMID the chorus of complaints arising in regard to the lessening production of American farms, we have heard but little about the comparatively small attention paid by the Federal Government to increasing our agricultural output. Some very striking figures, however, were presented by Representative DOUGLAS of Ohio in a speech delivered in the House recently. He stated that last year Congress appropriated to the army and navy, pensions, etc., a total of $385,000,000, or sixty-seven and one-half per cent. of our entire revenue, and that we appropriated to the Department of Agriculture $13,000,000, or about two per cent. of our revenues.

In the somewhat hysterical appeals for conservation of resources we seem to have lost sight of one of the most obvious sources of conserving the national wealth.

It is, of course, hard to strike a just balance between the expenditures that ought to be made for military and naval purposes and those for the encouragement of agriculture, but so long as there is such a marked disparity between these two items as is shown in Mr. DOUGLAS's figures, we can hardly expect the farms of the country to produce as satisfactorily as could be wished.

It certainly seems rather a strange commentary upon the state of present-day civilization that so large a proportion of the public revenues should be expended for purposes directly or indirectly related to war. This tendency is by no means confined to the United States, but characterizes all the great modern nations.

IN a recent address Professor E. R. A. SELIGMAN of Columbia University, speaking of the great increase of the supply of gold, said:

"The immediate effect is to make gold less valuable; that is, its purchasing power is less. It takes more gold to buy the same commodity—shoes, flour or paintings. That means that the commodity costs more. And so we are now paying more, not only for our food products, but our clothes and house-furnishings. Everywhere the price has risen.

"It is well known that prices rise faster than wages, so the laborer feels the bad effect of the influx of gold.

"The situation is really so serious that the Government should awaken to it and devise some better method of money circulation."

Instead of the Government taking any steps to decrease the supply of gold, or its availability for use either as money or as a basis of bank credits, it might be well to begin at the other end of the problem and reduce the volume of bank notes now being used for these purposes. Certainly the gold constitutes the most substantial part of our circulating

medium and is also the best foundation upon which the credit operations of the banks should be conducted. If, gradually, the $700,000,000 of bank notes could be gotten out of the way, it might then be time to begin to consider whether the supply of gold is redundant or not.

It is to be hoped that when Congress takes up the investigation of the increased cost of living, it may not only consider this problem but also the more important one, namely, the manufacture of bank credits based upon credit operations.

RECOMMENDATIONS made in the several messages which the President has transmitted to Congress would seem to indicate that he favors greater centralization of power in the hands of the Federal Government. Perhaps no statesman since HAMILTON'S time has veloped a policy pointing so strongly toward centralization.

First there was the proposed Federal tax on corporations, which has already been enacted into law. Now we have proposals for a Federal income tax, for Federal incorporation of concerns doing an inter-State business, for postal savings banks, and we may expect a central bank scheme to be promulgated very shortly.

This programme will, if carried out, result in placing in the hands of the Federal Government powers vastly in excess of what it has heretofore exercised. Not only is it proposed to carry out the comprehensive programme above mentioned, but suggestions have been made that if adopted will result in placing many of the police powers now exercised by the States in the hands of the Federal Government.

We are not criticising President TAFT for his course in this respect, but merely point to it as one of the significant developments of the times. It may be, as the commercial and social relations between the inhabitants of the various States continue to grow closer, as they are doing all the time, that it will be necessary for the Federal Government to assume many of the functions heretofore performed by the State governments.

WE have said something elsewhere, on grounds believed to be just, of the evils resulting from the gradual absorption of legislative powers by the President of the United States. Hardly was the ink dry on what we had written until there came a striking confirmation of our views.

In an address delivered on the occasion of the fiftieth anniversary of the Equitable Life Assurance Society, Vice-President WILLIAM A. DAY had the following to say of the taxation of the premiums on life insurance policies:

"As is quite generally known, life insurance premiums are made up of two principal parts. One is the sum which, properly invested, will meet, on the basis of mortality experience, death losses, annuities, and other policy obligations; and the other, commonly called the 'loading,' is the amount allowed for the expense of conducting the business of the company. Obvious considerations of safety demand that neither the expected mortality nor the loading be underestimated in computing the amount of the premiums, and so almost invariably it is found at the end of a year's business that a larger premium was collected from the policyholders than had turned out to be necessary. In the case of companies conducted on the mutual plan this excess portion of the premium is returned to the policyholders annually or at the end of a period of years. These return payments constitute the largest part of what, for want of a better name, have been called 'dividends,' although in

reality they are but sums originally added to the premiums out of a proper spirit of caution, with a promise of repayment if unused.

"From this cursory examination of the nature of life insurance premiums it is evident that any tax upon the income of life insurance companies conducted on the mutual plan which does not first allow for the deduction of these so-called dividends is an addition to the cost of insurance.

"Yet so far have the States of this country ignored this admittedly sound view in their pursuit of an easy subject of taxation, that to-day an annual tax averaging 2.08 per cent. throughout the United States, or about $11,000,000 in the aggregate, is imposed upon the gross premium income of life insurance companies. This means that $11,000,000 less each year of the excess portion of the premiums collected is returned to policyholders than would otherwise be the case. * * *

"Most discouraging of all, the Federal Government, instead of setting a correct example in the taxation of life insurance companies, has itself just begun to levy upon the premium income of such companies, including the portion of such premiums unused and returned to policyholders. In March last, the Congress was called into extraordinary session to revise the tariff in accordance with the will of the people expressed at the polls. The Committee on Ways and Means had already held hearings and framed a bill which was introduced in the House when it convened and was passed. It then went to the Senate, where it was made over into almost a new measure. As the debate in the Senate was nearing the end the opinion became general that the customs duties provided in the bill would not yield sufficient revenue for the needs of the Government, at least not for several years, without a supplementary tax of some sort. At this juncture the suggestion of a tax upon the net profits of corporations came from the Executive branch of the Government, which framed an amendment to the tariff bill incorporating such a tax. This was enacted into law along with the tariff bill. Although an innovation in Federal taxation, no public hearings upon the amendment were held and there was but little debate upon it in the Senate, where it was first introduced, and none at all in the House, where under the Constitution bills to raise revenue should originate. Only in a formal sense, was it enacted by Congress. *In reality it was 'accepted' by Congress as if imposed by a* HIGHER AUTHORITY. *Whatever consideration it may have had elsewhere, it received none to speak of from those who enacted it into law.*"

Here is a concrete example of the evil to which we have adverted. We are moved to inquire, in this connection, who is this "higher authority" of whom Mr. DAY speaks? We had supposed that under the Constitution the highest legislative authority in the land was the Congress of the United States.

Less ardent devotion to his "legislative programme" on the part of the President might afford more time for enforcing many salutary measures already on the statute-books and prevent the hasty enactment of much ill-advised legislation.

PRESIDENT TAFT'S plea for postal savings banks, made in his Lincoln Day speech in New York, was no doubt sincere, but it presented some aspects that are unpleasant. The President spoke of "people who fear banks." He knows, of course, that such fears are largely based upon lack of information. The President very well understands that where any community lacks a safe depository for savings, the

depositor desiring his funds safely cared for, can purchase a money order and place his savings in any one of the thousands of perfectly safe banks throughout the country.

In the President's own State of Ohio do the people need a postal savings bank when they have such an institution as the Society for Savings, of Cleveland? (And, of course, plenty of other safe bank.)

A safe depository for savings is already available, through the mails or otherwise, to every man, woman and child in the United States—a fact of which President TAFT is not ignorant.

But there is one feature of the President's address that we wish might have been omitted. In speaking of the investment of the funds coming to the postal bank, he said:

"In the present stage of the Senate bill there have been inserted amendments drawn apparently for the purpose of having money deposited as savings in Government postoffices, distributed through the locality where deposited in the banks, State and national, and so deposited as to make it impossible for the trustees of the fund appointed under the law to withdraw the money for investment in any other form.

"I regard such an amendment as likely to defeat the law.

"First, because it takes away a feature which ought to be present in the law to assure its constitutionality. If the law provided that the trustees to be appointed under the law with the funds thus deposited could meet the financial exigencies of the Government by purchase or redemption of the Government two per cent. and other bonds, the measure would certainly be within the Federal power, because the postal banks would then clearly be an instrument of the national Government in borrowing money. We have now about $700,000,000 of two per cent. bonds with respect to which we owe a duty to the owners to see that those bonds may be taken care of without reduction below the par value thereof because they were forced upon national banks at this low rate in order that the banks might have a basis of circulation. This implied obligation of the Government, the postal savings bank fund would easily enable it to meet."

Now, as is well known, if the national banks were compelled to realize on their holdings of two per cent. bonds they would lose a good many millions. These bonds are not such as would be accepted as desirable investments by the trustees of any properly-managed savings bank. In the first place, the interest return is too low; and in the second place, the bonds are liable to fall below par. Yet, the President seriously proposes to invest the postal savings funds in these securities!

To put the whole matter in blunt, but honest language: These bonds, as the President says, were forced upon the national banks; and now that the national banks do not want them, it is proposed to turn them over to the poor and (presumably) ignorant postal savings depositors. The bonds are not good enough for the national banks, but they will be taken without suspicion by the depositors in the postal savings banks!

This MAGAZINE has for years arvocated a course that would have saved the Government from the predicament in which it now finds itself. The whole miserable policy of "forcing bonds on the banks as a basis for circulation" should have been abandoned years ago. That it was not, has been due to the refusal of the leaders of the dominant party to listen to sound advice.

This scheme of a postal savings bank looks to us very much as if the party leaders, finding themselves in a

bad situation, have hit upon the postal savings bank as a means of extricating themselves from their difficulties. But can we, as Americans, be proud of a policy that seeks to play upon the ignorant fear of banks, taking the money of the poor and paying them but two per cent., when we know at the same time that there are thousands of safe banks that will pay twice that rate of interest? Should we take advantage of the ignorance of the poor by forcing upon them two per cent. bonds which the national banks are too wise to take?

PANICS have repeatedly demonstrated the utility of the clearing-house loan certificate. In a recent article in the New York "Times," Wm. A. Nash, president of the Corn Exchange Bank of New York, and former president of the New York Clearing-House Association, suggests the advisability of using these certificates as a basis for the issue of currency.

No doubt, as Mr. Nash says, the clearing-houses could be trusted to decide wisely as to the value of the securities behind the certificates. If anybody, except the banks themselves, is to be entrusted with this power, we know of no instrumentality so well fitted to exercise it as the clearing-houses. Indeed, unless under very strict regulations, the issue of an asset currency by small individual banks might be liable to some abuses, such as could be avoided by placing this function under the supervision of the clearing-houses.

And, of course, a currency based upon clearing-house certificates would be an asset currency, and commercial paper would properly form a considerable part of the security.

But it seems to us this proposal attacks the problem at the top of the tree instead of at the root where the difficulty lies. It attempts to deal with a panic, rather than with the conditions that give rise to panics. We do not know that any changes in the banking and currency system, however closely they may approximate perfection, can prevent these disasters. But we do believe that sound banking and a stable currency tend to lessen the feverish pace of enterprise that is one of the sure precursors of panic.

Should not the whole of the bank credits be more firmly implanted upon the gold standard?

And if this reform were carried out, it would include bank notes as well as bank deposits.

Primarily, bank notes should be based upon ample reserves of coin; but, of course, there must be additional security. Yet we do not see the necessity of lodging this security with the clearing-house or with any other trustee. The security for deposits is not so lodged—and the liability on account of deposits must be always greater than that arising from the issue of notes. We need not, at this late day, reiterate the steps necessary to make the notes safe and to secure their prompt redemption.

If the banks themselves have the wisdom to decide as to the proper security for billions of their deposits, why should they not be permitted to pass upon the securities offered as a basis for notes?

Mr. Nash's proposals look at present to the employment of the clearing-house loan certificate as a basis for the currency needed in an emergency, and he very justly says that its usefulness for that purpose has stood the test of experience.

He doubts the feasibility of a central bank, but says: "Its work should be accomplished and the need of a nucleus around which banking will centre and revolve must not be sent to the rear, but

kept in front till it becomes an established fact."

It may be found that the clearing-houses, not of the central reserve cities, but of all the reserve cities, will be the most appropriate form of organization to take the place of the impracticable central bank.

LAST year's exportation of gold from the United States amounted to $132,880,000, and the net exports were $88,793,000.

As the year 1909 was one of considerable business activity in this country, so large an outflow of gold (unmatched, we believe, in our history), was hardly to have been expected. There were no specially heavy requirements for gold in Europe.

The loss of gold last year was greater than it otherwise would have been on account of the unscientific bank-note system. The notes expand wholly irrespective of the gold holdings of the banks, and if there is any redundancy in the currency this is apt to be corrected by gold exports rather than by retiring the excess of bank notes. The notes go on increasing without much regard to money market conditions or to anything else except the desire of the banks to keep out the full volume of notes to which they are entitled by their holdings of United States bonds. And there is no system compelling the current commercial redemption of the notes in gold, or forcing their retirement and cancellation when not needed.

While the large gold exports last year may serve to direct attention afresh to some of the defects in our banking and currency system, they need not excite any uneasiness, not unless the Paris flood losses should give rise to unusual French demands for gold.

POVERTY continues to be one of the world's most perplexing problems. Instead of remaining content with an alleviation of its most distressing symptoms, students of social conditions are searching for its underlying causes. We publish in this issue of the MAGAZINE an interesting paper by Reverend JOHN HAYNES HOLMES of New York, in which the theory is advanced that society itself, more than the individual, must bear the responsibility for existing poverty. The writer declares:

"Poverty, in short, is the result of nothing else than a society imperfectly organized, and its cure is to be found in nothing else than a society reorganized upon the basis of perfect justice and in the light of universal good will."

It is not now our purpose to enter upon a discussion of this subject. But we are sure it will be interesting to place in juxtaposition with this declaration, another, also from a clergyman. In his celebrated "Essay on the Principle of Population" Reverend THOMAS R. MALTHUS, said:

"We can not justly accuse them [the common people] of improvidence and want of industry, till they act as they do now after it has been brought home to their comprehension, that they are themselves the cause of their own poverty; that the means of redress are in their own hands, and in the hands of no other persons whatever; that the society in which they live, and the government which presides over it, are wholly without power in this respect."

In the interests of a fair discussion of an important subject, we should be glad to receive and publish one or more concise articles in support of the assertion of MALTHUS.

POVERTY -- THE CRIME OF SOCIETY.

By John Haynes Holmes, Minister of the Church of the Messiah, New York City.

IT is the general opinion of those persons who are competent to render judgment, that the world is growing better all the time—that the world is better to-day than it was yesterday, and that it will be better to-morrow than it is to-day. The simplest historical comparison of one age with another—even of ages not far separated from one another—shows how sound this optimistic conclusion really is. Compare the opening years of the Twentieth Century, for example, with the opening years of the Nineteenth Century, from the standpoint of such matters as conditions of living, physical health, agricultural production, mechanical inventions, levels of culture, standards of morals, and so on, and at once it will be seen that the general gain is immeasurable, even in the comparatively short space of one hundred years; and the gain will appear still greater, of course, if we compare this modern period with that of the Middle Ages or the epoch immediately preceding the Christian era. Indeed, it is one of the most obvious lessons of the world's history that mankind moves onward and upward all of the time, and it is only the ignorant fool who cannot see or the blind pessimist who will not see, who could think of denying this sweeping judgment of human progress.

Poverty Still Burdens Humanity.

It is a familiar proverb, however, that there are exceptions to every rule, however inclusive the rule apparently may be. And certainly there are exceptions to the general rule that the world is growing better all of the time—exceptions, indeed, so conspicuous and so appalling that I sometimes do not wonder that an occasional pessimist appears who stands ready to assert that civilization is a failure and the progress of mankind a foolish dream. In some matters, at least, humanity seems to have stood still for unnumbered ages in the past, and in certain other matters it seems as though it had actually been moving backwards.

And of all the facts which might be cited to prove that the world is growing worse rather than better with the passing years, none is so overwhelming in its details as the wretched fact of poverty.

We are not surprised, when we read the history of the Jews, as it is recorded in the historical and prophetic books of the Old Testament, and find that poverty was everywhere present throughout ancient Israel, nor that the poor constituted one of the specific classes of the population to which Jesus felt that He had a definite mission. We are quite unmoved when we read of the wretched beggars and slaves of Periclean Athens, and find Plato discussing poverty in his "Republic" as one of the most stupendous problems of human life. We take it as quite in the natural order of things when we read of the squalid misery of the poor of Rome for whom the Gracchi led their great revolt, and in whose eyes the later emperors won favor by their lavish gifts of bread. Nor are we very deeply stirred when we learn of the dreadful misery of the peasant classes of Medieval Europe, which assumed its most hideous aspects in Bourbon France just before the outbreak of the blood and fury of the Revolution. We accept this poverty of the ages past, just as we accept the famines and pestilences which devastated the populations at periodic intervals, or just as we accept the sailing-vessels upon the seas and the stage-coaches upon the land, by which our ancestors journeyed from place to place.

But it is a wholly different matter when we look about us in our own day and generation, when famines have been banished to such primitive lands as India and China and pestilences have

altogether disappeared—when the sailing-vessel has given place to a Mauretania and the stage-coach to a 20th-Century-Limited—it is a wholly different matter, I say, to discover in this age that poverty is still with us, in aspects which seem more terrible than ever.

In Russia, poverty prevails at the present time under circumstances which seem to reproduce the most dreadful conditions of ancient times. In Italy, the poverty is so terrible and so widespread that no less than four millions of the subjects of Victor Emmanuel II. have come to this country in the last eight years, hoping to escape its clutches. In England, the richest country in the world—in England, whose colonies are to be found in every quarter of the globe—in England, which has for centuries led humanity in the production of material wealth—in England, even, the poverty is unspeakable. In the slums of London, in the manufacturing centres of Manchester, Liverpool and Leeds, even in those lovely rural villages which so charm the eye of the American tourist, are depths of misery such as can scarcely be matched in the whole history of humanity.

And even in this country, with its boundless natural resources, with its millions of acres of uninhabited and uncultivated land, with its wonderful mines and farms and manufactories, with a civilization so new that it runs back less than three hundred years into the past and thus is burdened with none of the inheritances of ancient days—even here, the spectre of poverty is rising before our affrighted gaze, and is already taxing the genius of our wisest statesmen and the beneficence of our most generous philanthropists.

Whatever progress mankind has made in other directions, here at least mankind has moved forward not at all. We have the poor with us to-day exactly as the Hebrews and the Romans had them three centuries before the birth of Christ. They are suffering to-day as they have always suffered, and they are dying as they have always died.

Said a well-known social reformer a few years ago, when being reminded, by an optimistic friend, of the recent improvements in the living conditions of workingmen, of the general rise in the level of a material comfort, and of the great increase, within recent years, in the consumption of goods: "All this is true; but I have lived in Berlin, Paris, London, New York, and Chicago, and in all of them the misery of the masses is as acute as ever."

It was this appalling failure of civilization to solve the problem of poverty which aroused the conscience of that great prophet of a generation ago, Mr. Henry George. He it was who first awakened the world to a conscious realization of the fact that, whatever progress humanity might be making in other directions, it was not moving forward in this direction a single step. He it was who first impressed upon the minds of men the serious fact that the marvellous advances of civilization during the centuries gone by in nearly every conceivable line of human activity had still not succeeded in extirpating poverty or lightening the burdens of those compelled to toil. He it was, in short, who taught us that here the world, so far from moving forward, was actually moving backward; that progress meant poverty, and poverty meant progress; that "where the conditions to which material progress everywhere tends are most fully realized, where population is densest, wealth greatest, and the machinery of production and exchange most highly developed, there we find the deepest poverty, the sharpest struggle for existence, and the most enforced idleness." "Progress simply widens the gulf between Dives and Lazarus." "Here," he continues, "in the association of poverty with progress, is the great enigma of our times. It is the central fact from which spring industrial, social and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civiliza-

tion, and which not to answer is to be destroyed."

How Theology Accounts for Poverty.

Now, for this amazing phenomenon, which is here before us—the association of poverty with progress, as Henry George called it—the increase of misery with advancing prosperity and culture—the failure of civilization to banish want with growing wealth and increased productive power—for this there must be some adequate explanation. There must be some cause for the failure of the world to solve this problem—some reason why a race which has dispelled the fear of famine, conquered pestilence, and harnessed the natural forces of the world to do its bidding, has not banished poverty from the homes of men.

To these inquiries as to the cause of poverty, several answers have been given in times past and are still being given to-day, and it is these answers which I want to consider one by one.

In the first place, there is what I may call the theological explanation of poverty. Poverty, according to this idea, is the work of God—as the Old Testament writer puts it, in the second chapter of I. Samuel: "The Lord maketh poor, and maketh rich; He bringeth low, and lifteth up"—a sentiment repeated by the Psalmist, when he says: "God is the judge; He putteth down one and He setteth up another."

This idea of the responsibility of God for the existence of poverty is, of course, all of a piece with that theological dogma which teaches that everything which happens in this world is the immediate work of God, and which is all summed up in the canting phrase, "It is the will of God."

To the invalid, languishing in a bed of illness, to the stricken mother whose heart breaks as she bends over the dead body of her little boy, to the father who sees his children crying for a bit of bread which he has not the wherewithal to purchase, to the thousands overwhelmed by earthquake and flood and volcanic eruption, to all of these who suffer, the poor of course among the rest, the priest has always come with his word of pretended consolation and explanation—"Be patient; this is the will of God!"

But while this explanation of poverty may have served very well in those ages of superstition which saw the hand of God in all things strange or terrible, it no longer serves to-day. We still find extraordinary survivals of this idea that, "the Lord maketh poor and maketh rich," in the occasional references of pious clerygymen to "God's poor," and in such occasional utterances as that of the president of the Reading Railroad, a few years ago, at the time of the great anthracite coal strike, that the mines of Pennsylvania belonged to him and his associates by divine right; but we are slowly beginning to understand—that is, most of us—that to ascribe such matters as disease and untimely death, pestilences and earthquakes, wealth and poverty, to the will of God, is nothing less than blasphemy.

It is not the will of God that hundreds of thousands of persons in this country should be afflicted with tuberculosis; it is not the will of God that the mother should mourn the child who has been snatched from her embrace by the dread angel of death; it is not the will of God that thousands should perish in the ruins of Messina; and it is not the will of God that millions should be overwhelmed by that dire poverty—worse than any disease and more terrible than any cataclysm—which saps the body, chills the mind, deadens the affections, and quenches the inward light of the spirit.

President Eliot, in his address on the "Religion of the Future," did no greater service to human thought than when he shattered this theological explanation of human tragedies. "By no appeal to the will of God," he said, "will the new religion attempt to reconcile men and women to present ills. Such promises have done infinite mischief in the world, by inducing men to be patient under sufferings and deprivations against which they should have incessantly struggled. The advent of a just free-

dom for the mass of mankind has been delayed for centuries" by just this doctrine of the church.

THE ECONOMIC EXPLANATION.

Another interpretation of poverty, which is much more satisfactory, and which contains a certain limited measure of truth, is what I may term the economic explanation. I refer to what Professor Patten of the University of Pennsylvania calls the "theory of deficit"—the theory, namely, that poverty is caused by a lack of material resources sufficient to satisfy the needs of men. Nature, as John Stuart Mill puts it, is "niggardly"; and great masses of men must suffer and even perish for lack of sustenance, for the simple reason that there is not enough to go around.

Now, this theory of deficit, I believe, is on the whole a satisfactory explanation of much of the poverty which has existed in the world up to within a comparatively few years; but I also believe that it is no explanation of the poverty of our own day, and therefore not a final solution of the problem of misery at all. The dreadful poverty of Israel and Greece and Rome, as is perfectly evident from the historical accounts which have come down to us, was very largely caused by the niggardliness of Nature. The population grew out of all proportion to the increase in the development of natural resources, and poverty of the great masses of the people was therefore inevitable.

Nor do we have to return to ancient times to illustrate this fact. In the reign of Queen Elizabeth, 30,000 persons perished in Ireland in a single year, simply because there was nothing whatsoever for them to eat. And even in the reign of Victoria, vast numbers of the Irish people abandoned the Emerald Isle and sought new homes across the sea, where they hoped that Nature might prove to be more propitious. Spain, in the Sixteenth Century, when the Armada had been destroyed, the industrious Moors expelled, and the rich gold and silver mines of America exhausted, found that her resources were wholly insufficient for her people, and poverty of the most dreadful kind was the result. The poverty of Italy to-day is similarly to be explained. In spite of the enormous emigration from her shores during the last few years, her population still increases and is still out of all proportion to her resources.

The civilization of ancient times, the civilization of the Middle Ages, and the civilization even of certain countries to-day, is a civilization based upon deficit, and upon such a basis of existence, poverty is inevitable.

But while this theory of deficit may be a partial explanation of much of the poverty of certain ages and certain places, it is not an adequate explanation of the phenomenon itself, for within a comparatively few years, as Professor Patten puts it, in his recent book, "The New Basis of Civilization," we have passed from a period of deficit to a period of surplus. From having not enough to go around, man to-day has more than he knows what to do with. Nature is no longer "niggardly" but generous, and yet poverty still continues, abated not one jot or one tittle of its horror. To-day, I say, we are living in a period of surplus and not of deficit—and this because of the marvels of scientific achievement during the last fifty or one hundred years. Says Professor Patten: "Many of the obstacles in the way of the full development of natural resources which were insuperable a century ago are falling before the young genius of this mechanical age. Ground that lay barren because of ignorance and scarcity of capital and tools is fertile now, because there are tools and money for every feat of agriculture. Agriculture has now become a science, our common foods grow in conquered habitats, the desert is sown, and waste land is everywhere made fertile. Stable and progressive farming is destined henceforth to control all the terror, disorder and devastation of earlier times."

The fact of the matter is, by new engineering devices, by new methods of development and conservation, by the

application of newly-discovered scientific truths, we have been forcing Nature to yield to us her stores of boundless wealth. We have made Nature to pay to us her tribute, and thereby have added to the quantity of goods to be consumed by society and have lessened the labor necessary to produce them. Said Professor Shailer, a short time before his death, we can double the food supply of the world with only a slight increase of population, and then can double this still again by the application of new inventions.

What wonder that Professor Patten claims that our "new agriculture means a new civilization"—a new civilization which shall banish poverty forever? "The problem of our old civilization," he says, "was to keep the deficit as small as possible and eventually to overcome it." But the problem of the new civilization is "to utilize the surplus for the common good . . . to distribute the surplus in ways that shall promote the general welfare."

Nature, therefore, I say, is no longer "niggardly"; deficit is transformed to surplus; and yet, as I have shown, poverty is as hideous and as widespread in our age as any other. Which means but the one thing—that the theory of deficit, while it seemed to explain the misery of humanity in ages past, never really did explain; and that we must look farther, therefore, and look deeper, for that cause of poverty which we are seeking.

Moral Delinquency as a Cause of Poverty.

Putting aside the economic explanation, as well as the theological, we come to that theory which to-day enjoys wide acceptance among the most intelligent people, and is generally regarded as having solved the problem. I refer to what I would call the moral theory—the theory, namely, that people are poor because they deserve to be poor; that vast masses of the population are starving and freezing, inhabiting foul tenements and suffering from unclean diseases, sunk in all the wretchedness of material want, simply and solely because of their moral imperfections.

Misery, according to this idea, is but "the natural working out of human character," the inevitable consequence of natural depravity; the punishment, in a word, of sin. If a family is poor, there is somewhere weakness or folly or immorality. There is ignorance or stupidity, there is drink or debauchery, there is shiftlessness or laziness, there is dishonesty or vice—there is something wrong with the individuals involved. Their material poverty is but the interest which they have earned upon the moral principal which they have invested; their misery is but the harvest which must always be reaped from the sowing of the seeds of idleness or depravity; their wretchedness is but the punishment which their faults have visited upon their own heads. The problem of poverty, therefore, is a moral, and not an economic or theological problem; it is a problem of the character of the individual man or woman who is concerned, and if we want to solve this problem, we must make over these individuals morally—dispel their ignorance, banish their shiftlessness, and cure their vices.

Now this is the explanation which is most prevalent at the present time—the orthodox theory, it has been termed—a theory which is interwoven in most of our literature, and underlies most of our charitable activities. But, let me ask you if it is a theory which is any more sound than the others which we have just been considering? Is it true that people are poor because they are ignorant and weak and morally depraved? Is the whole matter of social misery, after all, simply one of the manifold aspects of that larger ethical problem of individual responsibility?

For the sake of greater clearness of statement, I am going to answer these questions from the standpoint of my own experience.

When first I entered upon my studies for the ministry, the theory of poverty which I held, in so far as I held any theory at all, was the moral theory of individual responsibility, which I have

just outlined—the comfortable theory that the poor were poor because they deserved to be poor. The rich man, I believed, had his millions because he had character and ability; the poor man had nothing because of his lack of character and ability. Very soon, however, this theory began to be undermined—first by study, and then by experience. For, in the course of my theological work, I came to a careful reading of the words of the prophets of ancient Israel. These great teachers of religion were very largely concerned with the poverty which afflicted the great masses of the Hebrew people of their day, and were full of denunciation and wrath at its existence. But all of their wrath, I soon found, was directed not upon the poor themselves, but upon their oppressors. Nowhere could I find Amos or Hosea or Isaiah calling the poor, as individuals, to account for their moral delinquency, and urging them to put away their sins if they ever hoped to escape from the misery of want. On the contrary, I found Isaiah condemning in unmeasured terms the princes who had in their houses the spoils which they had wrested from the poor, and denouncing the rich who were "grinding the faces of the poor." I found Jeremiah demanding that justice and righteousness should be executed, in order that the poor might be delivered out of the hand of the oppressor. Here was Amos talking about the poor being sold for silver, and again referring to the powerful who trod the poor beneath their feet. Evidently these great prophets had an infinite compassion for the poor, and were inclined to explain their poverty as the result of social oppression, and to seek its cure in the establishment of social justice. "Let justice run down as water," said Amos, "and righteousness as a mighty stream." And then, when I came to Jesus, I found exactly the same thing. I discovered that Jesus announced at the very beginning of his ministry that he had come to "preach the gospel to the poor . . . to preach deliverance to the captives, and to set at liberty them that are bruised." I found that He sought out the poor to give them comfort and consolation, and poured out the vials of His wrath upon those who devoured widows' houses and were guilty of all manner of extortion and excess. Above all, I found Him promising the coming of a time when all those who were now in misery and want should be relieved. "Blessed are ye poor," He said, "for yours is the kingdom of heaven; blessed are ye that hunger now, for ye shall be filled; blessed are ye that weep now, for ye shall laugh." Evidently Jesus of Nazareth, like the older prophets of Israel, had compassion on the poor, and looked for the cause of their misery somewhere else than in the secrets of their own hearts.

And then there came the day when I read Theodore Parker's great sermon on "Poverty," preached in Boston in January, 1849, and found, in his treatment of the causes of poverty, occasional references, to be sure, to the moral shortcomings of the poor, in keeping with the prevailing ideas of his time, but on the whole astonishing emphasis placed upon the social causes of which he declared the poor were the helpless victims. "The causes of poverty," he said, "are organic, political and social. . . . Poverty, like an armed man, stalks in the rear of the social march, huge and haggard, gaunt and grim—treading the feeble under his feet, for no fault of theirs, only for the misfortune of having been born in the army's rear."

Concrete Cases of Poverty.

Now, all this, of course, set me thinking, and thinking thoughts which my practical experience with poverty here to-day in our modern society began little by little to confirm. For by this time I was working with charity societies, and coming into actual contact, therefore, with real flesh and blood cases of social misery. And what did I find? Here was a family which came to the Associated Charities for relief. What was the trouble? Well, the husband, a man of good character, was ill

with tuberculosis, was lying in a hospital, and was unable to work. The wife, also of good character, was a frail woman, weakened by inadequate nourishment and hard work, and unable, therefore, to earn enough to support her family. There were three children, but none of them of working age. Here was poverty—poverty of the most heartrending description—but wherein, I asked myself, were these sufferers responsible for their condition?

Here again is a case with which I had an intimate connection. A railroad brakeman, who was a faithful worker, his excellent wife, and a family of five children. They had always lived in comfort, though not in luxury, until one day the brakeman was terribly injured in an accident and later died. The railroad corporation refused to pay damages, on the ground that the brakeman had been negligent and was therefore responsible for his own death. Suits at law instituted by the widow yielded nothing and exhausted what little money she had received from insurance policies. In a few months poverty in its most dreadful form was knocking at her door. But here again I found myself asking the perplexing question, wherein was this woman or her husband in the slightest degree responsible for their misery?

Again, here were an aged man and woman, neither able to work, with no children to support them, and with no accumulated savings. Both had been persons of average good character and faithful workers all of their days. Crippled by old age, however, they were cast out upon the world, to beg, to subsist upon charity, or to enter the poorhouse. Wherein, again I asked myself, are persons such as these, brought face to face with poverty, after a lifetime of self-respecting independence, to be held morally responsible for their condition?

And so the cases multiplied in my work with the Associated Charities, until I knew that the moral theory of poverty, which placed the blame for his misery upon the individual concerned, was false—that while there are undoubtedly certain cases wherein moral weakness and depravity can be held to account for poverty, there are thousands of other cases where it plays no part at all, and that therefore this moral theory, while it does undoubtedly explain a few isolated instances of material want, and is a contributing factor in many more, nevertheless offers no general explanation at all of poverty as a social problem.

People are not poor because they deserve to be poor; poverty is not a natural working out of human character; misery is not a punishment of weakness, suffering or sin. Moral shortcomings may aggravate poverty, may increase its wretchedness and deepen its degradation; but the essential cause is elsewhere than in the character of the persons who are involved. "Against this conception," says Dr. Edward T. Devine, the director of the New York Charity Organization Society, and perhaps the most expert social worker in this country, "against this conception, every religious teacher should lift his voice in indignant protest, and every scientific observer should record his testimony. . . . For I have come to believe," he continues, "after some years of careful, candid, and open-minded consideration of the subject, that this entire view of poverty is one which rests upon an unproved and unfounded assumption."

Poverty Due to Social Maladjustment.

But if the moral theory of poverty must be put aside, also, with the theological and economic theories, how is the phenomenon, then, to be explained?

In answer to this question, I beg to state the theory which has been suggested in all that I have just been saying about my own personal experiences, the theory which is rapidly finding acceptance to-day with all scientific social workers, the theory which has found its first complete and authoritative expression in Dr. Edward T. Devine's recent book, entitled "Misery and Its Causes." "I wish to present the idea," says Dr.

Devine, in one of the opening paragraphs of this remarkable book, "that misery is the result of social maladjustment; that defective personality is only a half-way explanation, which itself results directly from *conditions* which society may largely control."

Poverty, that is, is the result of adverse conditions—"conditions," says Dr. Devine, in words which sum up the whole situation in this regard, "conditions over which the individual who suffers is unable to exercise effective control, but which are not beyond social control." The cause of poverty, in other words, is social.

It is not the will of God that poverty should blight the lives of millions of our fellow creatures, any more than it is His will that pestilence should devastate the race or famine exact its dreadful toll of dead. It is not the "niggardliness" of Nature which is responsible for poverty, for Nature is now yielding more than is necessary to satisfy the needs of men. It is not our weak and imperfect human nature which makes poverty keep pace with progress, for poverty is by no means coincident with defective personality.

JOHN HAYNES HOLMES
Minister of the Church of the Messiah, New York City.

Poverty, in other words, inheres neither in the will of God, nor in the constitution of the material world, nor in the nature of humanity. Poverty, like disease, is an accident—a result of injustice and oppression, an offspring of social maladjustment, a social crime, and therefore, like disease, something that can be abolished just as soon as society makes up its mind to abolish it.

"Misery," says Dr. Devine—and here does he lay down the principle

upon which all modern scientific charity is based—"misery, like tuberculosis, is preventable and curable. It lies not in the nature of things, but in our human institutions and social arrangements, in our tenements and streets and subways, in our laws and courts and jails, in our religion, our education, our philanthropy, our politics, our industry and business."

Poverty, in short, is the result of nothing else than a society imperfectly organized, and its cure is to be found in nothing else than a society reorganized upon the basis of perfect justice and in the light of universal good will.

In setting forth this general conclusion as to the cause of poverty, Dr. Devine does not confine himself to such sweeping generalizations as I have just been quoting. On the contrary, he gives almost endless facts and figures drawn from the abundant records of the Charity Society of this city, where the problem of poverty in this country is most acute. In its array of statistics which are there presented in demonstration of his thesis, there is nothing more significant than his table of the "principal disabilities present in five thousand dependent families in New York." Five thousand families, chosen at random from the many thousands which have sought relief from this Society during the last few years, were studied from the standpoint of the disabilities which made the application for public relief necessary—in other words, the disabilities which created a condition of poverty too serious to be endured without assistance. These disabilities, when analyzed, were grouped into twenty-five headings, which included all the adverse conditions which were known to be present at the time of the application for relief, and which were sufficiently tangible to be classified, and including also, with especial care, all the defects of character which were considered an element in the situation. The result is interesting. Of all these twenty-five classified disabilities which have led to poverty, only five occurred in twenty per cent. or more of the five thousand families, and of these five all were strictly social in their character. In sixty-nine per cent. of the cases, unemployment appeared; in forty-five per cent., overcrowding; in thirty per cent., widowhood; in twenty-seven per cent., chronic physical disability, due to disease or permanent injury; and in twenty per cent., temporary physical disability. It is only when we go below twenty per cent. of the families investigated that we find any disabilities which ought fairly to be described as defects of individual character. Of these, intemperance is the most common, appearing in sixteen per cent. of the cases, and then follow laziness, twelve per cent.; immorality, five per cent.; mental disease or deficiency, four and nine-tenths per cent.; criminal record, three per cent.; violent temper, two per cent., and gambling, less than one and one-half per cent.

What wonder, in the face of figures such as these, that Dr. Devine asserts that poverty is essentially due to social maladjustment, and not at all to individual defects—that poverty is due to adverse conditions, "over which the individual who suffers is unable to exercise effective control, but which are not beyond social control"?

Poverty, in this age, as in every age, in our country as in every country, is primarily due to the fact of social maladjustment—that employment cannot be had by those who are ready to work, that employment even when regular is not paid enough to enable even the efficient and faithful workman to guard against illness, to protect his widow from dependence, or to provide for his own old age; that insufficient wages force thousands of families to crowd into unhealthy tenements, to eat insufficient food, and to wear insufficient clothing, thus paving the way for physical weakness and disability; that accidents rob the wage-earners without compensation from society; that taxes are inequitable, throwing the chief burdens on the poor instead of upon the rich; that the natural resources, which are the basis of all wealth, are in the hands of the few instead of society at large, and are ex-

ploited for the benefit of the few and not for the sake of the common welfare; that the distribution of wealth is grossly unfair and disproportionate—in the last analysis, that society is organized upon a basis of injustice and not of justice, and is permeated by the spirit of selfishness and not of love.

Defects of individual character, I grant, are contributory facts in numberless cases of poverty—intemperance, criminality, immorality, gambling, all play their part, as we have seen, although in an amazingly smaller percentage of cases, I venture to say, than any of us had imagined. But even in these facts, I still venture to assert there is ultimate social responsibility. For is poverty caused by intemperance, or is intemperance caused by poverty; is a man poor because he drinks, or does he drink to intoxication because he is poor? There is not much doubt in Dr. Devine's mind as to the answer to this question, for he asserts categorically that in his judgment "the poor who suffer in their poverty are not poor because they are shiftless, because they are undisciplined, because they drink, because they steal, but they are shiftless and undisciplined, they drink and steal, because our social institutions and arrangements are at fault."

Poverty is not caused by personal sin and defects of character, but personal weakness and wickedness and sin are caused by poverty. In other words, as Theodore Parker pointed out over fifty years ago, in his great sermon on "Poverty," with the true vision of a prophet, the poor constitute the neglected classes of society and therefore the classes which degenerate and never rise above their own level of degradation. It is the poor who, because of their poverty, cannot educate their children and therefore are forced to perpetuate ignorance and inefficiency. It is the poor who, because of their poverty, cannot learn the virtues of thrift and diligence, or teach them to their children. It is the poor who, because of their poverty, cannot protect themselves against disease and accident and physical disability. It is the poor, who, because of their poverty, are most easily tempted to drink, debauchery and vice. It is the poor who, because of their poverty, are led to the committing of crime. "Everything is against the poor man," said Parker. "He pays the dearest tax, the highest rent for his home, the dearest price for all he eats and wears. He has the most numerous temptations to intemperance and crime, and the poorest safeguards from these evils. He is the most liable to disease, and his children are the most unhealthy, neglected and untaught." Thus does poverty breed poverty; thus does the poverty of one generation itself create and perpetuate the poverty of the next—thus, as the wise proverb-writer puts it, "is the destruction of the poor their poverty." Talk about the weaknesses and vices of the poor as you may; emphasize their ignorance and inefficiency and immorality as much as you please; the fact still remains that they are what society has forced them to be; they are where they are because society has placed them there; they are not offenders but victims, and the victims of conditions for which society is alone responsible. Thus, at bottom, is social maladjustment — social injustice — the cause of poverty. And thus was the prophet Amos right, when he declared eight centuries before the birth of Christ, that "justice must run down like water, and righteousness as a mighty stream," ere poverty and all of its attendant ills could be overthrown.

Poverty a Social Crime.

Such is the cause of poverty—a cause at bottom purely social, a cause which lies not with a God who is cruel, nor a natural world which is niggardly, nor a humanity which is morally deficient, but with a society imperfectly and unjustly organized. And this being the case, I believe that I am entirely within the bounds of sober truth when I call poverty not a divine decree, nor a natural ill, nor a moral penalty, but simply and solely a *social crime.*

There is no conceivable reason why poverty should continue indefinitely to

shame the civilization of which we boast. There is no reason under heaven why progress and poverty should longer continue to be associated together. So long as men believed that poverty was the work of God, or were taught to attribute it to the inability of Nature to supply the wants of a rapidly-increasing population, or thought it due to the inherent weaknesses and defects of human character, they were justified in regarding poverty as one of the necessary ills of life, which must be endured because it can't be cured. But to-day this attitude toward poverty is inexcusable. To-day, we know that these explanations of poverty are unsound; we know that they are to be numbered among those ideas which President Eliot describes as having "done infinite mischief in the world by inducing men to be patient under sufferings and deprivations against which they should have incessantly struggled." We know, in other words, that poverty is due not to the will of God, nor the niggardliness of Nature, nor the moral defects of humanity, but is due to the artificial, unjust and changeable conditions of social organization, and therefore, like all other ills of the social order, is both curable and preventable. Poverty, from this point of view, is to be classified, as Dr. Devine actually does classify it, with tuberculosis. We have learned within recent years that tuberculosis is a social disease—that it inheres not in the tissues of the body, but in the living and working conditions of society—that it can be banished if all men can be given fresh air, warm sunshine and nourishing food, decent houses in which to live, and humane conditions of labor by which to earn their bread; that these things lie to-day within the gift of society, and that therefore the continuance of tuberculosis is a social crime. And what is true of tuberculosis is also true of poverty.

How Poverty May Be Banished.

Poverty can be banished, not by appealing to God for mercy, not by making Nature produce a surplus instead of a deficit of material resources, not by transforming the moral character of the individual, but by changing the unjust social conditions which breed poverty even as foul tenements, dirty streets and exhausting labor breed tuberculosis. Provide employment for every willing worker, give the laborer a due share of the wealth which he creates, protect him from industrial accidents, and shelter him from the physical weakness and disability which come from dirty streets, congested slums, disease-laden tenements, exhausting hours and intolerable conditions of toil. Banish his inefficiency by industrial training, dispel his ignorance by education, shelter his old age by liberal pensions, guard his women from industrial oppression and his children from untimely labor, destroy the liquor traffic which is his besetting temptation, emancipate him from industrial exploitation, relieve him of the crushing burden of a protective tariff, distribute equitably the burden of taxation by income-taxes, inheritance-taxes, land-taxes; confer upon him the ownership of all natural resources and all public utilities and all industrial enterprises which are public and not private in their nature; give him justice instead of charity, crown him with the fruits of industrial as well as political democracy—do these things, and poverty will disappear like a wasting pestilence.

This does not mean a revolution, nor does it mean the destruction of the society that now is; but it does mean the abolition of those industrial and social conditions which we know to-day are as favorable to the perpetuation and increase of human misery as darkness, polluted air and inadequate food are favorable to the perpetuation and increase of tuberculosis. Poverty, I repeat, is curable and preventable, therefore is its continuance a social crime, as inexcusable to-day as a scourge of smallpox or yellow fever.

The Upward March of Humanity.

And what does this discovery not mean to human society! For ages we

have believed with the writer of Deuteronomy that "the poor shall never cease out of the land," and now we learn that the poor shall cease to-morrow if we so will. With this discovery of our modern social science, the world enters upon a new era of progress and enlightenment—mankind enters upon a new field of conquest—which means uplift, happiness, emancipation, abundant life for millions of wretched human beings—civilization enters upon a new epoch of its history, more fateful of human good than any epoch that has been seen since the birth of Christ. For poverty has for ages been the world's great curse, the one curse which society has not conquered. It has been the hotbed of disease, the breeding-place of crime, the destroyer of virtue, the source of ignorance and lust, the foster-mother of human wretchedness, the one awful hell of torment that really exists within the universe of God. It is the poor who suffer and miserably die, it is the poor who know not happiness or peace. It is the sons of the poor who crowd our courts, tenant our prisons, and occupy our gallows; it is the daughters of the poor who foster vice and prey like harpies upon the souls of men. Poverty is the one dark side of modern society, the one monstrous ill which civilization has not conquered. Cannibalism has been banished to the remote corners of the earth; human sacrifice no longer pollutes the altars of the gods; chattel slavery has been destroyed; the despotism of kings and bishops crumbles before the assaults of political and religious liberty; war shall soon cease and the rumors of war be stilled; disease is fleeing before the advances of modern medicine. Only poverty is left untouched in all its pristine horror, and now this shall go, we are told, the way of every other social crime. Poverty can be banished as slavery and despotism and war have been banished, a discovery which I regard as the greatest discovery in human history, and the one first positive assurance that mankind has ever had that the dream of Christ shall some day be realized upon the earth. "Blessed are ye poor, for yours is the kingdom of heaven. Blessed are ye that hunger, for ye shall be filled. Blessed are ye that weep, for ye shall laugh." This is no longer the wild dream of a religious prophet; this is to-day the promise of social science. Shall we not therefore take hope, as we look forward to this assurance of a new and a better age—shall we not dedicate ourselves, in the name of God and in the spirit of Jesus Christ, to the bringing in of this better age? Shall we not inwardly resolve that no prejudice or favor, no selfish fear or hurtful greed, shall halt us from the doing of this work which must be done?

"The work is ours. For good or ill, on us the burden lies.
God's balance, watched by angels, is hung across the skies.
Shall Justice, Truth, and Freedom turn the poised and trembling scale?
Or shall the Evil triumph, and (Poverty) prevail?

"The crisis presses on us; face to face with us it stands,
With solemn lips of question, like the Sphinx on Egypt's sands!
This day we fashion destiny, our web of Fate we spin;
This day, for all hereafter, choose we righteousness or sin.
Even now from starry Gerizin or Ebal's cloudy crown,
We call the dews of blessing, or the bolts of cursing down.

"By all for which the martyrs bore their agony and shame;
By all the warning words of truth with which the prophets came,
By the Future which awaits us; by all the hopes which cast
Their faint and trembling beams across the blackness of the Past,
And by the blessed thought of Him wro for men's freedom died,
O my people! O my brothers! let us choose the righteous side."

DECISION AGAINST DEPARTMENT STORE BANKING.

THE Supreme Court of Wisconsin has decided that is is a violation of the State banking law for a department store to conduct a banking business. The case was that of a Milwaukee department store which started a bank and before being enjoined had 5,000 depositors, with deposits aggregating $100,000.

CANADIAN BANKING AND COMMERCE.

By H. M. P. Eckardt.

During 1909 the chartered banks of Canada made very large gains in deposits. Taking the five classes of deposits—Dominion Government, Provincial Government, demand, and notice deposits of the public, and deposits elsewhere than Canada—the gain for the year amounted to $146,000,000. But the movement in deposits began on March 1, 1908. That was the date on which deposits reached the lowest point after the panic and stringency. They were then $616,718,070. Since then there have been only two months in which decreases were recorded. In the other twenty, increases appear, usually of a substantial amount. In the twenty-two months the gain has been $252,-000,000, or about forty-one per cent. The total now stands at $868,235,850.

Of course, during the period the savings of wage earners and capitalists accumulated quite rapidly. Under the Canadian system, the bulk of the savings falls every year into the hands of the chartered banks and thus becomes available for lending to the commercial interests of the country. Also there has been a large increase in the deposits of farmers, as 1909 proved a profitable year for them. Then the mines, the forests, and the fisheries, all produced their share of wealth, some part of which went to swell the deposit accounts of the banks.

But these factors by themselves were not sufficient to account for the large gains. A very large part of the increase was due to the movement of immigration and capital from other countries into Canada, and to the placing of bonds and securities by Canadian corporations and governments in London. The immigrants who are moving so extensively into Alberta, Saskatchewan, and British Columbia are generally of a good class, and as a rule they carry a considerable amount of cash or bank drafts with them, the collection of which by the Canadian bank agencies and correspondents in New York has no doubt helped to increase the fund in Wall Street controlled by the Canadian institutions.

The movement of United States industrial companies to establish branch

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Finance Minister of Canada.

plants in the Dominion has continued much in evidence throughout the year; and though a large part of the capital thus invested goes to Canada in the shape of construction materials and equipment, a fair proportion also goes in the form of cash, and serves to increase the cash resources of the banks.

Security Issues.

With regard to the security issues in London, it was noted a year ago that the total for 1908 exceeded previous

records, reaching nearly $200,000,000. The grand total of issues for 1909 exceeded the 1908 record, amounting altogether to $265,000,000. But a larger proportion was taken at home in Canada. Some $60,000,000 of the issues were made at home. The United States took $10,000,000, and London took $194,000,000. Perhaps one-half of the issues in London were new securities, and contributed to increase the deposits of the Canadian banks. Also those floated in the Dominion would have a tendency in the same direction, inasmuch as the loans to underwriters and subscribers would tend to increase deposits.

Increased Deposits.

There has been still another factor at work in 1909 to increase the Canadian banking power. The Lloyd-George budget has had a noticeable effect in inducing British capitalists and investors to increase their balances carried in the large Canadian banks. Many of these possessing extensive investments in the Dominion formerly instructed their

Condition of Canadian Banks.

Liabilities.

	Dec. 31, 1909.	Dec. 31, 1908.
Note circulation	$81,325,732	$73,058,231
Dominion Government deposits	8,204,717	4,343,942
Provincial Government deposits	24,592,223	11,622,015
Deposits of the public "demand"	261,268,387	210,180,147
Deposits of the public "notice"	499,082,024	429,719,218
Deposits elsewhere than Canada	75,088,499	66,903,834
Loans from other banks in Canada, secured	4,420,738	6,005,939
Deposits of other banks in Canada	4,186,788	7,900,062
Due to banks in Great Britain	2,011,871	2,186,228
Due to banks in foreign countries	3,558,235	2,979,949
Other liabilities	7,236,868	6,017,033
Total liabilities to the public	$970,976,157	$820,916,668
Capital, paid up	97,808,617	96,457,573
Rest or surplus fund	77,847,333	74,427,630
Balance, undivided profits	11,151,522	9,550,419
	$1,157,783,629	$1,001,352,290

Assets.

	Dec. 31, 1909.	Dec. 31, 1908.
Specie	$27,456,690	$27,099,074
Legal tender notes	73,225,789	66,124,760
Circulation redemption fund	4,554,938	4,070,212
Notes and checks other Canadian banks	45,791,783	36,393,247
Loans to other banks, Canada, secured	4,299,806	6,330,158
Deposits in other banks, Canada	8,740,953	12,350,702
Due by banks in Great Britain	7,295,757	14,662,030
Due by banks in foreign countries	24,114,062	34,929,007
Dominion and Provincial Government securirities	12,824,341	10,497,945
Canadian municipal, British and foreign public securities	22,920,683	19,606,371
Railway and other bonds	50,051,831	44,213,479
Call loans on bonds and stocks, Canada	63,554,222	43,827,771
Call loans on bonds and stocks, elsewhere	138,505,379	97,136,400
Current loans and discounts, Canada	592,741,812	511,808,909
Current loans and discounts, elsewhere	40,072,793	30,351,721
Loans to Provincial Governments	3,080,086	3,919,366
Overdue debts	6,059,861	7,387,956
Real estate other than premises	1,235,367	1,718,540
Mortgages on real estate	624,284	494,730
Bank premises	21,336,631	18,186,683
Other assets	9,296,356	10,243,050
	$1,157,783,629	$1,001,352,290

(Difference in addition due to omission of cents from figures reported to thirty banks.)

agents to remit the revenue or income home to London as it accrued. When the new and onerous taxes on capital were adopted by the British Government these parties at once manifested a disposition to allow their funds to accumulate in Canada and also they began to transfer new capital to their Canadian accounts. At the annual meeting of the Bank of Montreal, in the beginning of December, Sir Edward Clouston explained that a considerable part of the large gains in deposits made by that institution came about as a result of the new British taxes, and if those taxes were upheld, he anticipated further gains from the same source during 1910.

At the Canadian Bank of Commerce annual meeting in January it was stated that the bank held some large amounts of temporary deposits. Possibly other important banks are in the same case; and hold funds belonging to corporations which intend to disburse them shortly.

The change in the condition of the banks during 1909 is exhibited in the accompanying comparative table.

Investments.

Under the circumstances mentioned, it was but natural that there should be again, in 1909, a marked increase in the balances and loans carried abroad by the Canadian institutions. It can be seen from the following how their position in this respect has developed in the past two years:

	Dec. 31, 1909.	Dec. 31, 1908.	Dec. 31, 1907.
Net balance due from Great Britain	$5,283,886	$12,475,802	$4,255,503
Net balance due from foreign countries	20,555,847	31,949,067	11,566,837
Call loans elsewhere than Canada	138,505,379	97,136,400	43,509,229
Current loans elsewhere	40,072,793	30,351,721	22,928,188
	$204,417,905	$171,912,990	$73,748,751
Deposits elsewhere	75,088,499	66,903,834	53,407,203
Net investment abroad	$129,329,406	$105,009,156	$20,341,548

Thus in the two years the net investment abroad has increased $109,000,000. Nearly all of it is at call, and most of the fund is employed in New York. Taken altogether, the "call" or command over the cash resources of New York and London, held by the Montreal and Toronto bankers as at December 31, 1909, reached considerably over $200,000,000, if their holdings of bonds and securities possessing an international market be taken into account.

This fund is at present abnormally large. There are two reasons for its being so. One is that the banks consider it wise to carry large reserves in New York and London against the heavy liabilities they have been taking on; the other is the fact that Canadian industry and trade have not as yet revived sufficiently to call for the use of the banking funds available for financing them.

Throughout 1909 the revival proceeded very satisfactorily, being helped along materially by the good harvest in western Canada. The prospect favors a further quickening of industrial life in 1910; and the probability is that there will be seen in the current year a gradual drawing home of these resources carried abroad as the current loans and discounts in Canada, representing the advances to the home commercial and industrial interests, expand. These latter have steadily expanded in 1909; every month since February, 1909, shows an increase.

Profits.

Nineteen hundred and nine has not been an altogether favorable year for banking profits. The large balances and loans carried in New York and London earned low rates of interest during most of the year. It was not till the last two months that rates in New York rose to a satisfactory level, and, so far as most of the banks are concerned, the increased revenue therefrom would ap-

ply to the reports to be issued in 1910. The following table shows the earnings of the individual banks as compared with 1908:

Bank.	Year ended	Profits 1909.	Profits 1908.	Dividends paid 1909.	Dividends paid 1908.
Bank of Montreal	Oct. 31	$1,826,168	$1,957,658	10	10
Canadian Bank of Commerce	Nov. 30	1,510,696	1,627,332	8	8
Royal Bank of Canada	Dec. 31	838,306	746,776	10	10
Merchants Bank of Canada	Nov. 30	831,160	738,597	8	8
Imperial Bank of Canada	Apr. 30	743,524	721,175	11	11
Dominion Bank	Dec. 31	620,927	643,318	12	12
Bank of Nova Scotia	Dec. 31	604,124	559,577	12	12
Bank of Toronto	Nov. 30	579,471	582,156	10	10
Molsons Bank (*a*)	Sept. 30	476,037	595,803	10	10
Traders Bank of Canada	Dec. 31	457,082	500,217	7¼	7
Bank of Ottawa	Nov. 30	421,065	429,879	10	10
Union Bank of Canada	Nov. 30	407,541	401,013	7	7
Eastern Townships Bank	Nov. 15	390,536	367,111	8	8
Bank of Hamilton	Nov. 30	382,332	360,309	10	10
Bank of British North America	June 30	378,499	572,821	7	7
Banque d'Hochelaga	Nov. 30	360,821	381,387	8	8
Standard Bank of Canada (*b*)	Jan. 31	283,065	186,097	12	12
Banque Nationale	Apr. 30	266,661	274,121	7	7
Quebec Bank	May 15	252,771	281,057	7	7
Union Bank of Halifax	Jan. 31	182,057	178,061	8	8
Bank of New Brunswick	Dec. 31	136,305	134,444	13	12¼
Metropolitan Bank	Dec. 31	130,405	135,872	8	8
Banque Provinciale	Dec. 31	124,143	121,599	5	5
Home Bank of Canada	May 31	83,958	88,784	6	6
Sterling Bank of Canada	Apr. 30	64,146	50,091	5	5
Farmers Bank of Canada	Dec. 31	41,107	21,025	4	4
United Empire Bank	Dec. 31	27,700	14,990	4	1
St. Stephens Bank (c)	April 30	13,729	12,425	5	5
Western Bank of Canada (*d*)	Feb. 15		95,412		8
		$12,434,336	$12,779,107		

Northern Crown Bank report not published at date of writing this article.

(*a*) Molsons Bank: Profits, less taxes, deducted by other banks before declaration.
(*b*) Standard Bank of Canada: Profits 1908 for eight months only.
(*c*) St. Stephens Bank: Profits estimated in both 1909 and 1908.
(*d*) Western Bank of Canada absorbed by Standard Bank of Canada.

All the going banks except one are included. The Northern Crown ends its fiscal year December 31, and has not at the date of writing issued its report. Taking the profits altogether, they are only $345,000 less than in 1908; but, as 1908 was some $600,000 under 1907, the 1909 profits are about $936,000 less than those reported in 1907. In the fiscal years referred to there was only one dividend increase instituted—that of the Traders Bank of Canada. The Bank of New Brunswick and the United Empire Bank paid throughout 1909 a higher rate of dividend, inaugurated in the closing quarter of 1908. Two increases have been announced as applicable to 1910. The Canadian Bank of Commerce is to pay nine per cent. instead of eight per cent., and the Royal Bank of Canada eleven per cent. instead of ten per cent. Much better profits are looked for in 1910. It is thought by the bankers that a better rate for call money will prevail in New York, and if so, it will benefit them greatly. Also, the demand for mercantile loans in the Dominion is expected to be keener than in 1909.

The past year has not presented anything remarkable in the way of banking history. Only one amalgamation occurred—that between the Standard and Western. No banks failed or went into liquidation, and no new banks started. Consequently, the number of going

banks remains unchanged, at twenty-nine. Towards the close of the year an active campaign, having for its object the institution of some form of external examination of the banks, was started by Mr. H. C. McLeod, the general manager of the Bank of Nova Scotia. He embodied his views in a pamphlet, and, failing to get the Canadian Bankers' Association to take the matter up, he circulated the pamphlet amongst bank stockholders in Canada. The Canadian Parliament will take up the Bank Act for discussion early in 1910. The charters of all the banks expire on July 1, 1911. And there is considerable interest in the question as to what will be the result of Mr. McLeod's campaign.

Production and Trade.

The three western provinces of Manitoba, Alberta and Saskatchewan, again held the center of the stage. The wheat crop produced by them amounted to 119,000,000 bushels, as against 97,000,000 bushels in 1908.

The Dominion Bureau of Census and Statistics gives the value of field crops as $532,992,100 in 1909, as compared with $432,534,000 in 1908. But this estimate is challenged by experts, who say it is about $32,000,000 too high.

The following statement of yields for the three western provinces, by the Manitoba Free Press (that for 1909 by the Winnipeg correspondent of the Financial Post, Toronto) is probably near the mark:

	Wheat. Bushels.	Oats. Bushels.	Barley. Bushels.
1907....	70,922,584	74,513,561	19,187,449
1908....	96,863,689	108,987,855	24,050,645
1909....	119,200,000	163,998,752	30,542,000

In Ontario, the grain crops were slightly less than in 1908, but the roots and vegetables were better in 1909.

Cobalt Yearly Shipments.

The year was somewhat disappointing in regard to cobalt. The shipments of the mines increased, but not to the extent that had been expected. Following is the record for the past six years:

1904	191.55	tons silver ore
1905	2,336.01	" " "
1906	5,836.59	" " "
1907	14,851.34	" " "
1908	25,510.91	" " "
1909	30,022.86	" " "

The prospects for 1910 are regarded as good. A number of the important mines have installed improved machinery and have made arrangements for electric power from the Montreal River. So far as mining stock quotations are concerned, the level is much below that prevailing a year ago. Several dividends have been cut and others passed during the year.

Immigration.

The immigration movement picked up again during the year, but it did not reach the proportions attained in 1907:

	1909.	1908.	1907.
Via ocean ports...	92,522	89,483	214,726
From United States	90,148	54,271	53,611
	182,670	143,754	268,337

In the past year the movement from the United States practically equalled the immigration from Europe. The steady increase in the arrivals of good farmers from the States is highly gratifying to all classes of Canadians. These immigrants are of a most valuable type, and on the whole they do much better work in developing the western country than do the newcomers from Europe.

Foreign Trade.

In foreign trade also the record of 1909 is satisfactory. Following is the comparison with previous years:

	Imports.	Exports.	Total trade.
1906..	$309,314,095	$255,717,675	$579,192,145
1907..	371,758,898	255,276,619	641,448,902
1908..	302,098,964	251,037,309	565,163,857
1909..	332,677,070	273,227,849	608,036,448

While the total trade fell below the total of 1907, the exports in 1909 reached a new high record. At the present time the imports are mounting rapidly, and the promise for 1910 is that it will eclipse all previous records.

Bank Clearings.

Quite a phenomenal increase took place in bank clearings. Taking the thirteen cities which have clearing houses, the aggregate of their exchanges during 1909 figures out as follows:

	1909.	1908.
January	$381,118,715	$335,939,122
February	330,852,488	271,052,288
March	376,292,871	295,876,367
April	383,871,156	308,020,547
May	402,674,637	320,988,437
June	433,854,458	323,508,504
July	441,804,315	338,059,935
August	389,007,142	324,002,098
September	415,674,003	352,561,110
October	522,968,863	413,737,236
November	565,532,045	433,794,510
December	547,151,416	424,593,115
	$5,190,802,109	$4,142,133,371

Outlook for 1910.

In all directions the outlook for 1910 is good. There will be great activity amongst the agricultural classes; railroad building will be actively carried on; and the influx of capital from outside should have a stimulating effect on all lines of industry and trade. There is a good deal of speculation in evidence, and if that is carried to unreasonable lengths, there may be some upsets experienced by the more venturesome operators.

FACTS CONCERNING MONEY.

One Place In The Country Where Currency Is Always In Circulation.

THERE is, broadly speaking, but one place in the United States where new money is always to be found in circulation, says the Chicago Inter Ocean. Very nearly everywhere else is to be found ragged dirty, not to say filthy, paper money, germ-laden and disease-breeding. The question has often been put, "Why is this?"

Congress makes appropriations amounting to aproximately $800,000,000 annually for Government expenses. This enormous amount, which is backed by gold and silver in the treasury vaults, is printed every year in Washington and issued through the treasury department. It must be recollected that while banks all over the country issue old notes, the treasury never issues anything but new money.

That is why the money in Washington is always new.

There are more than 30,000 Government employes at the national capital, and they are paid in bright, new notes twice every month. They distribute their money for the necessities of life, and hence a great deal of it is found in circulation.

Another question with reference to the money supply is often propounded: "How long does it take for the women experts in the treasury department to count 1,000,000 new $1 notes, and how long does it take to count 1,000,000 old notes of that denomination?" According to the treasury officials, the answer is as follows:

In handling new notes an expert could count in a day of eight hours about $50,000. Of course, this refers to notes of the denomination of $1. In counting gold certificates of the denomination of $10,000 each it would require but a short time to count $1,000,000.

At this rate 20 days would be occupied in counting $1,000,000 represented by notes of the denomination of $1. However, it is hardly possible that any one could keep up to these figures for such a period, and it would be safe to add five days and to say $1,000,000 (paper) could be counted in 25 days.

Of silver dollars 40,000 may be counted in a day of eight hours, which rate, if adhered to, would finish the 1,000,000 in 25 days, but it would be well to add five days here for the same reason and make it 30 days for counting 1,000,000 silver dollars.

In counting old notes the conditions are much changed. There are five different kinds of paper money—goid certificates, silver certificates, United States notes (greenbacks), treasury notes of 1890 and national bank notes. Remittances of mutilated currency may contain all these different kinds of currency. They may not be assorted properly by denominations, and may be badly mutilated. Where cases of this kind occur the count is tedious and slow; but, assuming that the currency sent in is in accordance with the regulations, an expert could, on an average, count $15,000 in $1 notes a day. This would require about 70 days to count a million $1 bills in old notes of paper currency.

THE UNITED STATES TREASURY.*

By William Henry Smith.

III.

IT is now necessary to take a hasty glance at the intervening events between the retirement of Mr. Gallatin and the second epoch, which occurred under Jackson. Mr. Gallatin was succeeded by Mr. Campbell, who served only about seven months, and then gave way to Alexander J. Dallas, who served about one year. When Campbell went into the Department, Confusion entered by his side. Perhaps in all the one hundred and twenty years of the existence of the Department it has never had a weaker head than Campbell. He possessed neither financial nor administrative ability. By the end of the seven months of his service the treasury was bankrupt and the government could not borrow money except at the most ruinous rates. Never before since the day Alexander Hamilton re-established the credit of the government had it fallen as low as it did under Campbell.

Dallas was of a different stamp. Congress called upon him for some plan for restoring the government credit, and his reply is still regarded as one of the ablest papers ever submitted by a Treasury Secretary. In one year the government regained much of what was lost under his predecessor, and then he gave place to William H. Crawford, who served until the end of the Monroe administration. Crawford was a conservative, faithful and intelligent Secretary, who followed the example of Hamilton and Gallatin, and steadily applied the surplus to a reduction of the public debt. Under the younger Adams, Richard Rush followed the same policy, so that by the time Andrew Jackson took the reins the public debt was reduced to a minimum, and there began to be a surplus in the treasury.

Andrew Jackson, President.

Jackson was as good a hater as Jefferson, but their methods of fighting differed very materially. Jackson fought in the open, never under cover; he fought his battles himself and never asked anybody else to do his fighting. It is now generally admitted that Jackson's fight against the Bank of the United States was wholly political; that it originated with Levi Woodbury, to punish a rival. Jackson's first Secretary of the Treasury was Samuel D. Ingham, of Pennsylvania. Except for his joining the clique opposed to the bank, his only notable achievement was an exhaustive report on coinage. He was, however, the pidgeon Levi Woodbury used with such good effect in stirring up the animosity of Jackson to the bank.

When Jackson entered upon the Presidency the country was enjoying an era of unexampled prosperity. What is now the Middle West was settling up rapidly, and European capitalists were sending their money to America for investment. When he retired from the Presidency he left the financial, commercial and industrial interests of the country in ruins. Bankruptcy and distress were everywhere, and the national finances were so crippled that a deficit instead of a surplus alarmed the thinking people. All this was brought about by the implacable hatred of the President. With him, a foe must be done to death, no matter how strongly it was buttressed in the law. He knew no law except his own will. In his first message to Congress he gave some intimations of what was to come, but no

*This interesting series of articles on the United States Treasury began in the January number of THE BANKERS MAGAZINE.

one dreamed he would proceed so far as to destroy the bank.

Levi Woodbury was a New Hampshire politician. He had a rival in Jeremiah Mason. The latter was made president of the Portsmouth, N. H., branch of the United States Bank. Woodbury quietly sent a "tip" to Ingham, that Mason was a rank federalist and opposed to Jackson. This was all that was needed, and the fight waxed warm. Ingham served until pretty Peggy Eaton succeeded in sending Jackson's cabinet into the wilderness. He was succeeded by Louis McLane, of Delaware. Even at this time Jackson was bruiting the idea of removing the government deposits from the United States Bank, but McLane was opposed, as were a majority of the cabinet. The fight against the bank went on, and in June, 1833, when William J. Duane, of Pennsylvania, was placed at the head of the Treasury Department. From the circumstances surrounding his appointment it may be clearly inferred that the President thought in Duane he would have a suppliant tool who would do his bidding, but in this he was mistaken. Duane steadfastly refused to issue the order for the removal, saying it would result in plunging the finances of the government into chaos. He also heartily endorsed the methods pursued by the bank in handling the national finances. Duane, refusing to resign, was arbitrarily removed, and Roger B. Taney installed. In Taney the President found a man ready to do his bidding, and the deposits were promptly removed, Taney saying that he was not acting as a lawyer, but as an administrative officer performing the will of his chief.

An Era of Speculation.

The deposits were scattered around among what were known as "the favored banks." The result was very soon apparent; banks sprang up everywhere. In less than three years the number of banks nearly doubled, and currency floated by State banks was increased from sixty millions to one hundred and fifty millions. Behind this vast amount of paper money there was but thirty-eight millions of coin. Levi Woodbury, the schemer who set Jackson on to war on the bank, became Secretary of the Treasury, and it was his hand that guided the country to ruin. He issued repeated suggestions to the officers of the favored banks to loan liberally, arguing that it was the way to prosperity. Almost immediately followed an era of wild and reckless speculation. The characteristic feature of this speculative madness was land-buying. Government lands were a source of revenue, and Woodbury argued that everything ought to be done to encourage the sale of the government lands. The banks were urged to loan liberally; speculators found it easy to get money, and they bought land right and left, paying a part of the price in cash borrowed from the banks. The receipts from the sale of lands jumped from $2,623,000, in 1832, to $24,877,000, in 1836.

Financial imbecility seems to have struck deep root in the Treasury Department about this time. The public debt had been practically wiped out and a surplus was accumulating. This was a new situation, and to handle it properly was far beyond the knowledge and skill of those in control. A further increase of the surplus might be prevented by reducing taxation, but what should be done with what had already accumulated? Then the scheme was devised to distribute the surplus among the States in proportion to their membership in Congress. This distribution was to be made in four quarterly installments. The original distribution among the banks had been made without judgment. It placed capital where it was not needed for the legitimate purposes of trade, and took it away from where it was needed, and now another and more disastrous distribution was to be made. The surplus intended for distribution was about thirty-seven and a half millions. This surplus was nominally in the banks, but in fact most of it was in the hands of borrowers. Withdrawing this surplus from the banks simply meant to take it from business

or speculation for a time, thus creating a tightness in the money market.

The Panic.

The distribution to the States required the bodily transportation of specie and bank notes from place to place. One distinguished writer thus described it: "Millions upon millions of dollars went on their travels, north and south, east and west, being mere freight for the time being, while the business from which the money was withdrawn gasped for breath in its struggle with a fearfully stringent money market." The result of all this was to so paralyze business that banks began to fail and commercial houses to go down. Only two of the installments were made; before the third came due, the Treasury was finding itself in great need of the money. The Treasury Department had not reached the full extent of its mismanagement. A call was made on the deposit banks for a return of their deposits, and this was required in coin. Once again millions went on their travels over mountains and across plains from the remote cities of the West and South, to reach Washington.

In those days it required days to make the journey from the cities of the Ohio and Mississippi Valleys to Washington, and all this time the money was withdrawn from circulation. Then came the crowning folly. The gold had been almost wholly withdrawn from the West and South, and the Treasury Department took that inopportune moment to issue a circular requiring all payments for lands to be made in coin. Hundreds of thousands of acres had been purchased, but now, when the day of payment arrived, the buyer found he must produce gold, and gold was the one thing he could not get, for the government had it all, so individual bankruptcy followed. The banks suspended specie payment and then began to topple like trees before a hurricane, and the Treasury found itself in a condition where it had to issue several millions of treasury notes to meet current expenses. It was a deficit and not a surplus it had to struggle with, and it displayed no more wisdom in handling this than it had with the surplus.

Only one good grew out of all this mismanagement, and that was the eventual establishment of the present subtreasury scheme. But even this is not looked upon, in many quarters, as a blessing. It holds several hundred millions of money out of the channels of industry, but if any good at all came from the financial management during the administrations of Jackson and Van Buren, it was the sub-treasury. When William Henry Harrison became President, he called to the head of the Treasury Department Thomas Ewing. What might have been accomplished toward bringing order out of chaos by that eminent man we can only conjecture, for the split with Tyler brought about a disruption of the cabinet, and that unfortunate President had a hard time in filling and keeping filled his cabinet table. No Secretary of the Treasury lasted under him longer than a few months.

Walker's Administration.

The country began to see ability once more in the Treasury when James K. Polk called Robert J. Walker to its head. He may have made numerous mistakes, but he was a man of good administrative abilities and he remodeled the Department so as to bring business methods once more to the front. When he entered upon his duties the credit of the country was at a very low ebb and he found it difficult to finance the Mexican War. At the time there was a young banker in Washington, a far-sighted financier, and a man of courage, William Corcoran. When older and much richer bankers halted over floating a government loan for twenty or more millions, this daring young banker assumed the task, and was so successful that it proved the foundation of his fortune, and in him Secretary Walker placed the greatest trust. Walker's administration may be classed, on the whole, as successful.

The Third Epoch.

From this time until the advent of Mr. Chase the history of the Depart-

ment is that of a succession of blunders, except for the short time when William M. Meredith was at its head. Under Buchanan, the credit of the government ran so low that he had difficulty in borrowing money at a heavy discount. The civil war occasioned, or brought about, the third great epoch in the history of the Treasury Department. Mr. Lincoln found a practically empty treasury and a revenue insufficient for the current expenses, let alone providing for the exigencies of war, and within a year or two he found it necessary to depart from all the traditions of the Treasury Department and make it, in many respects, a great banking institution.

When Mr. Chase was invited into Mr. Lincoln's cabinet he was looked upon as one of the ablest statesmen of the country. It had been long since it was thought necessary to have at the head of the Treasury a man especially skilled in the finances of the country. Cabinet officers, with the exception, perhaps, of the Secretary of State, were chosen more for their political wisdom than for any special training. The Treasury Secretary made for the information of Congress estimates of receipts and what would be required for the expenses, and that was the main part of his departmental duties. His other duties were to advise in the cabinet meetings on political or other subjects. No policies of finance were to be determined, the work being confined to collecting and disbursing. The advent of the civil war changed the whole status of the Department. It had to assist in formulating schemes for additional revenue, to suggest ways and means for procuring money; meet emergencies as they should arise, and as the currency of the whole country was in a deplorable condition, it later became necessary to devise some plan to give the country a stable and uniform currency.

This new change in the relationship of the Department called for the highest talent to be obtained, and in many respects there was no man in the nation better fitted for this onerous task than Salmon P. Chase, yet he made one or two blunders which cost the people and the government very dear. When the government made its first loan, the Secretary insisted that the purchase money of the bonds should be gold, and that the coin be sent to the Treasury at Washington, thus taking the coin out of the vaults of the banks, percipitating the suspension of specie-payments by the banks. It is possible that had he left the money with the banks and drawn drafts against it, to be paid in currency, specie payments would not have ceased. Later on the banks might have been forced to this step, but it would have been greatly delayed and the people and the government saved large amounts. The history of the Jackson movement in the same line ought to have been a lesson to Mr. Chase.

First Issues of Greenbacks.

The first paper money ever issued by the government was under acts passed in July and August, 1861, and it was then the Treasury went openly into the banking business. These were the demand notes, because they were payable in gold on demand. Fifty millions of these notes were issued, but it was another mistake on the part of the Treasury, as they were only a temporary makeshift, passing out to the creditor of the government only to be returned with a demand for the coin. Being payable in gold, and being receivable for all public dues prevented them from depreciation. Having broken into the banking business, the Department felt called upon to go into it to the limit. The presses having been started, it was found hard work to stop them. It was so easy for the government to take paper to the printing office, print on it a few words and call it money that some of our statesmen thought the end to all financial troubles had been found.

In February, 1862, the treasury was authorized to issue $150,000,000 of notes, afterwards familiarly known as "greenbacks." In a little while a second and third issue were put out. By this time gold was at a premium and

steadily rising. Some Congressmen wanted to go on to an unlimited extent with the issuing of greenbacks, but wiser ones saw that unless a stop was put to the issuing the country would soon be in the same condition it was with the old continental money or Revolutionary France with their assignats.

The demand for currency, however, was imperative. The greenbacks had practically driven from circulation the notes of nearly all the State banks, and there was not enough currency in the country to meet the demands of trade. Mr. Chase and the other members of Mr. Lincoln's cabinet were wise enough to see that what the country wanted was a stable and uniform currency, that would be as readily accepted on the Mississippi as on the Atlantic, so another departure from the old traditions was taken, and out of the emergencies of the government arose the national banking system. Two things had to be done. One was to offer such terms to capitalists as to induce them to buy the bonds of the government, and the other was to furnish a uniform currency. To do the first, the bonds were made the basis of a new banking system, and the banking system accomplished the latter.

Paving the Way for a National Banking System.

Before this time Mr. Chase had sent J. F. D. Lanier, an eminent banker of New York, to Europe to interest the continental capitalists in our securities. He met with a large measure of success, but still the bulk of our bonds had to be taken by our home people. The bank scheme gave an impetus to the subscriptions to our loans, and the country entered upon a new era of currency, with the Treasury closely wedded to the banks. The issue of national bank notes put an end to that of greenbacks.

In the banking scheme Mr. Lincoln saw a great political triumph. As the ultimate redemption of the legal-tender notes and the bonds of the government depended upon the perpetuity of the Union, he saw that the holder of either of those securities would naturally give his active support to the government in its efforts to suppress the rebellion and maintain the Union. He was, therefore, especially desirous that as many as possible of our bonds should be taken at home, and favored any inducement that could be offered to secure the subscription of American capitalists to the loans.

The establishment of the national banking system brought into the treasury that distinguished financier, Hugh McCulloch. As president of one of the great and successful banking institutions of the country, Mr. McCulloch had opposed the establishment of a national banking system when it was first broached, but when the law was enacted he was induced by Secretary Chase to accept the position just established—Comptroller of the Currency. In this position he had much to do with the details of putting the system into working order, and later became the head of the Treasury. The issuance of the legal tender notes and the establishment of national banks under its supervision changed the whole attitude of the Treasury Department, and a new era began.

The National Debt.

When the war ended, the government was loaded with a debt, interest-bearing and non-interest-bearing, of more than two billions of dollars, the mere thought of which staggered all the financial minds of the country, but which, in these days, is regarded as a mere nothing, and it is seriously proposed in some sections to increase the present debt by the issuance of a billion of bonds to effect one scheme alone, that of inland waterway improvements. Since the close of the war we have witnessed a series of financial gyrations which now cause a smile, but in their day were serious enough. The government was, naturally enough, desirous of reducing the great load of debt, and in 1866 provided for calling in and cancelling the legal tender notes. This operated to restrict the amount of currency in circulation and thus brought on a stringent money shortage. Hastily the cancellation was stopped. By this time a demand had grown up for an unlimited

issue of paper money by the government, the treasury being denounced for cancelling the non-interest-bearing debt while leaving the interest-bearing untouched. The panic of 1873 brought another change in the policy, and nearly all the cancelled notes were re-issued. A few years later another contraction was ordered, but was withdrawn after about $40,000,000 had been redeemed.

This, however, did not put an end to the activities of the presses, for silver-certificates, gold-certificates and "Treasury notes" have been issued by the millions. One Secretary would adopt the policy of using the surplus in the purchase of bonds, thereby reducing the interest charge; another would change the policy, and redeem only on presentation. We stopped the coinage of silver; then began again; then went out into the market and purchased bullion, stored it away and issued certificates against it. Then we went into the warehouse business, and any man who was tired of carrying around his silver dollars could pile them up in the treasury vaults and carry away with him a receipt in a form he could readily pass as currency. This has gone on so long, and to such an extent, that it requires an expert banker to tell how many forms of paper money the government has in circulation. Every new Secretary seems desirous to leave as a legacy of his administration some new form of paper currency. And of the different kinds of bonds and certificates of indebtedness there is, like the making of books, no end.

The Fourth Epoch.

The fourth great epoch in the history of the Treasury Department was when John Sherman brought the government and the country back to a specie basis. At one time during the civil war it required almost three dollars to purchase one of gold. The government, by requiring gold in payment of customs duties, would accumulate a hoard of gold, and once in a while would go into the business of speculator and sell gold. When the war ended with success on the side of the government, gold declined somewhat, but for several years rated at a pretty high figure. We had wise statesmen, who knew the government nor the people could be really prosperous until we reached a gold basis. Among these was John Sherman, and he began an urgent crusade for a return to specie payment. He argued that when the government could accumulate a reasonable amount of gold it could safely return to specie payments, for if the gold could be had for the paper currency nobody would want the gold, but would prefer the more convenient currency. This was a sound knowledge of human nature, and turned out just as he predicted. The Department went into the market and purchased gold; it hoarded what it could from what was taken in for customs duties, and when it was ready to resume, the banks went with it and nobody wanted the gold.

As a Bank of Issue.

The Treasury was now firmly established in its dual capacity of fiscal agent for the government and a quasi-banking institution, but had not reached its present condition as a great reserve bank for the country. It became a bank of issue, in 1861, and as has been related became, in time, a bank of deposit, receiving on deposit silver bullion or coin and issuing certificates against it; it had been, in turn, a broker and a warehouseman, but the changes from its original purpose were not yet complete, and it was to become the great commercial and financial balance-wheel. Hoarding vast sums in the Treasury took just that amount out of circulation, where it was needed for commercial purposes, and a policy of depositing a part of its accumulations in the banks throughout the country was adopted, and the banks having this to operate with were able to keep the commercial end industrial activities supplied.

As a Reserve Bank.

But, after a while, times of money stringency began to develop; crops in the South and West were to be moved,

or the prodigious activities of the industrial and commercial world would make money short in financial circles. Then a project for relief was devised by inducing the Secretary to increase temporarily his bank deposits; in other words, to loan to the banks a sufficient amount of the Treasury money to meet their requirements. Thus the treasury finally came to be a sort of reserve bank for the whole country.

But the capacity of Treasury Secretaries to adopt strange policies was not yet exhausted, and only two years ago we were given another sample. It was a time of profound peace, and the Treasury was full. It is true that for some years we had been spending more than we were taking in, but still the vaults were groaning under their load of millions. It was at this time a Secretary saw proper to add to our interest-bearing debt several millions, by issuing certificates of indebtedness. This scheme had been resorted to on former occasions to relieve a pressure on the reserve fund of the Treasury, but at this time there was no such pressure, the pressure being on the financial centers. It was right enough to afford relief, for thereby a financial disaster was averted, but was it right to saddle the people with an interest-bearing debt to accomplish that end?

(To be continued.)

NEW (?) USE FOR CIGAR BOXES.

THE Merchants' National bank of Lawrence, Kansas, has discovered a new and novel use for cigar boxes. The bank uses them to pack money in instead of the conventional sacks. They are much more handy, as a certain sized box can be used, and when filled to the top it is known exactly how many dollars is contained in the box. The Merchants' bank favors the "Mercida" box, as it holds an even number of dollars. The "Little Tom" cigar box is also a favorite with the bank.—*Southern Banker.*

To Which the *Commercial West* adds: There was a time when the banks here in the Northwest used cigar boxes for this same purpose. That, however, was long before the Kansas bank "discovered" them. At the present time many of our bankers are utilizing the regulation sugar barrel for small change trays and word comes from the Dakotas that several banks there have found the ordinary wagon-box still more convenient, as additional side-boards and the patent end-gate can be used to advantage on busy days. The "Old Hickory" and "Moline" are prime favorites as it has been "discovered" they will hold an even or odd number of dollars, as desired.

CUBA'S EXPANDING WEALTH.

THERE is no question that with peace and good order Cuba is bound to prosper. Despite all the criticism heard the island is making good headway in a material sense. The latest reports show that railroads are extending into every part, mines are being opened, the fruit-growing is expanding rapidly and sugar and tobacco are bringing big returns. Cuba is a fertile region of vast natural resources of various kinds. Even under the prostrating effect of war there was rarely a time when a large commerce was not being carried on. With tranquillity in the interior and free opportunity for capital and labor to work together there is every reason to believe that in a few years Cuba will possess wealth far exceeding that of many countries greatly surpassing the island in size.—*Troy Times.*

THE GREAT PROBLEM.

IN Congress and in the Supreme Court we are face to face with the gravest economic and social problem of the time. The question is, how shall we secure the obvious public advantages of big business organizations and prevent the abuses which they have practised in the past and to which they are constantly liable? How shall we organize business into the biggest units which are economical in each line, and at the same time prevent injustice to smaller competitors, and the excessive prices to the public which are prone to accompany monopoly or near-monopoly? It is inconceivable that we shall forfeit the vast economies of consolidation, that we shall return to the small business units of a generation ago, to the excessive wastes of competition and the less efficient service to the public. Whoever argues for this is fighting the stars in their courses. But it is equally inconceivable that we shall confer upon large corporations all the privileges of substantial monopoly, and permit them to keep for their own pockets all the huge economies and profits that accompany the organization of business in big units. It is a problem for the highest quality of statesmanship.

MARK SULLIVAN IN *Collier's.*

THE UNEQUAL INCIDENCE OF THE NEW YORK SAVINGS BANK TAX.

By Richard Ferris.

THE theory of the "surplus" which a savings bank accumulates from the earnings of the moneys of its depositors is expressed authoritatively in the New York banking law in these words: "and reserving such amounts as the trustees may deem expedient as a surplus fund for the security of the depositors, which to the amount of fifteen per centum of its deposits, the trustees of any such corporation may gradually accumulate and hold, to meet any contingency or loss in its business from the depreciation of its securities or otherwise."

The establishment of a surplus is therefore permissive, and not mandatory, under this law; but its universal existence as a banking fund, its prominent featuring in bank statements and reports, and the special attention it has received in pronouncements of the courts, all testify to the fact that the surplus has been decided to be a necessary safeguard to the depositors in the savings banks of this State.

The legislators even went so far as to leave in the banking law a record of their opinion as to the amount of the fund which they deemed requisite for the purpose for which the surplus should be established. The law says: "The trustees of any such corporation whose surplus amounts to fifteen per centum of its deposits, at least once in three years shall divide equitably the accumulation beyond *such authorized** surplus as an extra dividend to depositors, in excess of the regular dividends authorized." Which is to say, that fifteen per cent. of a savings bank's deposits is not too much for the security which was intended by the law quoted, and that less than that ratio was less than the security deemed adequate by the legislature which enacted the banking law.

It seems the most childish inconsistency that the State which in 1892 provided for the establishment of the protective fund to an amount equal to fifteen per cent. of the deposits, should, in 1901, proceed to tax that fund before it had reached the fifteen per cent. level; and, in so doing, retard its accumulation to the safety point.

But inconsistency is not the worst characteristic of the tax on the surplus of savings banks. The feature of this tax which is utterly obnoxious is the selection of the *surplus* as the basis of the levy, and the resulting injustice of its incidence.

The Fundamental Principle of Taxation.

The foundation principle of all sound taxation is equality of the burden. If the tax be personal, it must fall upon each person alike. If it be a property tax, it must affect each dollar's worth of property with the same impost. The savings bank tax does neither of these things. Considered as a personal tax,—it takes annually from the depositor in one bank the sum of six cents, and from the depositor in another bank in the same city (Albany) the sum of sixty cents. Viewed as a property tax, it

*The italics are ours.

takes nine mills per $100 from one depositor, and eleven cents and six mills per $100 from another. And this, where the former had $700 in deposits, and the latter but $500: so that as a "progressive" tax, it progresses backwards. The man who has the smaller deposit pays thirteen times as much, *pro rata,* as the man with the larger deposit.

The tabulation below shows the amount of tax paid by each savings bank in the State, excepting those of recent establishment,—and the inequality of the impost upon the depositors in each, individually, and *pro rata* upon their deposits per $100:

TABLE SHOWING THE INEQUALITY OF THE NEW YORK SAVINGS BANK FRANCHISE TAX.

Name of Bank and Location.	Tax on Surplus.	Number of Accts.	Average Amt. of Account.	Tax per Acct.	Tax per $100.
ALBANY COUNTY.					
Albany City Savings Institution, Albany	$1,084.50	6,675	$750.14	$0.163	$0.022
Albany County Savings Bank, Albany	660.65	10,620	713.75	.062	.009
Albany Exchange Savings Bank, Albany	509.22	4,639	603.61	.108	.018
Albany Savings Bank, Albany	8,063.08	49.585	672.76	.163	.024
Cohoes Savings Bank, Cohoes	1,359.01	7.702	425.45	.176	.041
Home Havings Bank, Albany	1,731.51	7,120	655.97	.243	.037
Mechanics and Farmers' Savings Bank, Albany	2,719.62	4,503	519.25	.604	.116
Mechanics' Savings Bank, Cohoes	603.88	2,372	564.56	.255	.045
National Savings Bank, Albany	2,600.71	16,114	716.78	.161	.023
BROOME COUNTY.					
Binghamton Savings Bank, Binghamton	1,534.63	18,190	298.97	.084	.028
Chenango Valley Savings Bank, Binghamton	307.84	3,413	251.83	.090	.036
CAYUGA COUNTY.					
Auburn Savings Bank, Auburn	2,168.43	13,146	390.05	.165	.042
Cayuga County Savings Bank, Auburn	1,036.01	9,408	359.20	.110	.031
CHEMUNG COUNTY.					
Elmira Savings Bank, Elmira	135.32	2,865	186.73	.047	.025
COLUMBIA COUNTY.					
Hudson City Savings Institution, Hudson	3,119.14	9.905	453.83	.315	.069
CORTLAND COUNTY.					
Cortland Savings Bank, Cortland	847.84	10,509	341.29	.081	.024
DUTCHESS COUNTY.					
Fishkill Savings Institute, Fishkill	137.56	876	439.41	.157	.036
Matteawan Savings Bank, Matteawan	186.98	1,690	379.37	.111	.029
Mechanics' Savings Bank, Fishkill	2,139.90	4,801	460.83	.446	.097
Pawling Savings Bank, Pawling	268.20	1,758	328.60	.162	.047
Poughkeepsie Savings Bank, Poughkeepsie	5,239.02	24,779	483.67	.211	.044
Rhinebeck Savings Bank, Rhinebeck	295.63	2,794	278.55	.106	.038
Wappinger Savings Bank, Wappinger's Falls	330.65	1,618	364.48	.204	.056
ERIE COUNTY.					
Buffalo Savings Bank, Buffalo	13,915.23	49,936	537.36	.279	.052
Erie County Savings Bank, Buffalo	17,281.71	80,148	519.60	.216	.042
Western Savings Bank, Buffalo	4,928.23	10.840	691.28	.455	.099
GREENE COUNTY.					
Catskill Savings Bank, Catskill	1,452.18	7,051	461.28	.206	.045
JEFFERSON COUNTY.					
Jefferson County Savings Bank, Watertown	2,058.43	25,969	278.36	.079	.028
Watertown Savings Bank, Watertown	558.98	6,119	395.90	.091	.025
KINGS COUNTY.					
Brevoort Savings Bank, Brooklyn	748.26	10,759	226.83	.070	.030
Brooklyn Savings Bank, Brooklyn	34,195.92	66,604	662.95	.514	.078
Bushwick Savings, Brooklyn	1,744.50	11,002	356.58	.159	.045
City Savings Bank, Brooklyn	378.38	7,179	282.91	.053	.019
Dime Savings Bank, Brooklyn	18,995.46	70,057	464.04	.271	.058
Dime Savings Bank of Williamsburgh, Brooklyn	2,738.33	12,682	554.91	.216	.039
East Brooklyn Savings Bank, Brooklyn	2,049.20	14,500	416.93	.141	.034
Eastern District Savings Bank, Brooklyn	257.24	13,747	227.04	.019	.008
East New York Savings Bank, Brooklyn	1.620.22	7,113	324.84	.228	.070
Germania Savings Bank, Brooklyn	2,760.89	15,471	518.16	.178	.034
Greater New York Savings Bank, Brooklyn	......	10,546	179.07	...	...
Green Point Savings Bank, Brooklyn	5,856.47	14,132	404.47	.414	.102
Kings County Savings Institution, Brooklyn	4,656.00	15,143	758.55	.307	.040
South Brooklyn Savings Institution, Brooklyn	19,119.95	33,189	560.10	.576	.108
Williamsburgh Savings Bank, Brooklyn	63,381.41	98,683	524.52	.642	.122
MADISON COUNTY.					
Oneida Savings Bank, Oneida	1,279.67	7,469	320.04	.171	.053

Name of Bank and Location.	Tax on Surplus.	Number of Accts.	Average Amt. of Account.	Tax per Acct.	Tax per $100.
MONROE COUNTY.					
East Side Savings Bank, Rochester	2,109.85	29,121	278.50	.072	.026
Mechanics' Savings Bank, Rochester	1,818.23	7,131	519.78	.255	.049
Monroe County Savings Bank, Rochester	9,910.87	39,306	496.00	.252	.061
Rochester Savings Bank, Rochester	12,373.26	55,134	443.73	.224	.050
MONTGOMERY COUNTY.					
Amsterdam Savings Bank, Amsterdam	1,283.22	11,872	357.65	.109	.030
NASSAU COUNTY.					
Roslyn Savings Bank, Roslyn	592.47	2,956	465.00	.200	.043
NEW YORK COUNTY.					
American Savings Bank, New York	......	7,354	310.41	...	...
Bank for Savings, New York	37,640.13	160,037	578.07	.235	.041
Bowery Savings Bank, New York	61,439.34	154,937	674.20	.397	.059
Broadway Savings Institution, New York	3,352.20	12,636	773.83	.265	.034
Citizens Savings Bank, New York	12,836.56	28,424	514.62	.452	.088
Dollar Savings Bank, New York	748.01	28,860	189.76	.026	.014
Dry Dock Savings Institution, New York	17,521.75	68,113	508.60	.257	.051
East River Savings Institution, New York	23,092.30	24,330	948.27	.949	.101
Emigrant Industrial Savings Bank, New York	71,316.58	120,194	781.53	.593	.076
Empire City Savings Bank, New York	558.60	14,581	180.74	.038	.021
Excelsior Savings Bank, New York	1,630.85	19,582	387.25	.083	.021
Franklin Savings Bank, New York	7,927.68	44,240	382.26	.179	.047
German Savings Bank, New York	43,204.53	132,952	517.74	.330	.066
Greenwich Savings Bank, New York	36,258.97	91,239	652.00	.397	.061
Harlem Savings Bank, New York	7,927.68	48,030	346.87	.166	.048
Irving Savings Institution, New York	4,488.21	27,315	700.45	.164	.022
Italian Savings Bank, New York	215.20	8,811	194.78	.024	.012
Manhattan Savings Institution, New York	4,213.25	20,977	532.86	.201	.038
Metropolitan Savings Bank, New York	3,627.42	14,203	660.30	.255	.039
New York Savings Bank, New York	19,503.97	40,113	639.60	.486	.076
North River Savings Bank, New York	2,363.13	7,952	463.93	.297	.064
Seamen's Bank for Savings, New York	43,998.81	97,136	695.41	.453	.065
Union Dime Savings Institution, New York	1,846.05	89,641	293.10	.021	.007
Union Square Savings Bank, New York	5,682.99	14,058	620.66	.404	.065
United States Savings Bank, New York	284.17	10,046	282.03	.028	.010
Washington Savings Bank, New York	31.81	6,304	169.03	.005	.003
West Side Savings Bank, New York	327.83	9,204	243.13	.036	.015
NIAGARA COUNTY.					
Farmers and Mechanics Savings Bank, Lockport	1,230.27	10,055	434.21	.122	.028
Niagara County Savings Bank, Niagara Falls	57.38	1,873	236.21	.031	.013
ONEIDA COUNTY.					
Oneida County Savings Bank, Rome	260.96	6,022	379.72	.043	.011
Rome Savings Bank, Rome	1,716.71	5,868	463.05	.292	.063
Savings Bank of Utica, Utica	......	33,700	422.06	...	...
ONONDAGA COUNTY.					
Onondaga County Savings Bank, Syracuse	6,734.22	54,231	420.06	.124	.030
Skaneateles Savings Bank, Skaneateles	535.02	3,071	279.29	.174	.062
Syracuse Savings Bank, Syracuse	7,537.66	25,906	494.45	.291	.059
ORANGE COUNTY.					
Cornwall Savings Bank, Cornwall	74.26	1,135	274.42	.065	.024
Goshen Savings Bank, Goshen	254.80	3,087	387.17	.082	.021
Middletown Savings Bank, Middletown	468.78	10,502	297.70	.046	.015
Newburgh Savings Bank, Newburgh	10,976.13	18,843	594.56	.572	.096
Walden Savings Bank, Walden	667.08	2,649	314.57	.214	.068
Warwick Savings Bank, Warwick	219.56	3,536	369.12	.062	.017
OSWEGO COUNTY.					
Fulton Savings Bank, Fulton	856.42	4,986	296.24	.172	.058
Oswego City Savings Bank, Oswego	873.87	6,114	431.83	.143	.033
Oswego County Savings Bank, Oswego	945.53	5,559	492.35	.170	.038
PUTNAM COUNTY.					
Putnam County Savings Bank, Brewsters	280.41	2,036	306.92	.137	.045
QUEENS COUNTY.					
College Point Savings Bank, College Point	599.84	2,748	398.33	.218	.055
Jamaica Savings Bank, Jamaica	1,254.03	8,307	451.63	.151	.033
Long Island City Savings Bank, Long Island City	3,061.98	15,452	259.33	.197	.076
Queens County Savings Bank, Flushing	678.31	5,990	343.77	.113	.033
RENSSELAER COUNTY.					
Troy Savings Bank, Troy	8,560.90	22,502	516.74	.380	.074
RICHMOND COUNTY.					
Richmond County Sav. Bank, West New Brighton	287.32	3,600	204.13	.079	.039
Staten Island Savings Bank, Stapleton	1,631.55	10,197	295.08	.160	.054
SCHENECTADY COUNTY.					
Schenectady Savings Bank, Schenectady	614.43	22,758	267.76	.027	.010

Name of Bank and Location.	Tax on Surplus.	Number of Accts.	Average Amt. of Account.	Tax per Acct.	Tax per $100.
SENECA COUNTY.					
Seneca Falls Savings Bank, Seneca Falls........	225.79	3,074	223.57	.073	.033
SUFFOLK COUNTY.					
Riverhead Savings Bank, Riverhead...........	5,153.48	8,477	605.99	.608	.100
Sag Harbor Savings Bank, Sag Harbor..........	696.80	3,712	422.69	.260	.061
Southold Savings Bank, Southold	4,363.00	5,633	750.26	.774	.103
Union Savings Bank, Patchogue...............	410.00	4,414	365.19	.093	.025
TOMPKINS COUNTY.					
Ithaca Savings Bank, Ithaca....................	1,588.81	9,632	296.60	.162	.056
ULSTER COUNTY.					
Ellenville Savings Bank, Ellenville...............	672.06	5,447	298.84	.123	.044
Kingston Savings Bank, Kingston.................	1,559.36	5,029	517.02	.310	.060
New Paltz Savings Bank, New Paltz............	598.88	2,865	518.53	.209	.040
Rondout Savings Bank, Kingston	2,095.40	5,911	464.82	.354	.076
Saugerties Savings Bank, Saugerties............	1,434.83	3,539	424.12	.405	.096
Ulster County Savings Institution, Kingston....	1,158.59	8,034	443.67	.144	.032
WESTCHESTER COUNTY.					
Bank for Savings, Ossining......................	2,491.83	5,382	571.76	.463	.081
Eastchester Savings Bank, Mt. Vernon...........	178.32	5,440	281.10	.033	.012
Greenburgh Savings Bank, Dobbs Ferry..........	214.65	1,473	229.94	.146	.064
Home Savings Bank, White Plains	543.50	8,388	363.20	.064	.018
Peekskill Savings Bank, Peekskill	2,928.58	8,696	502.58	.337	.067
People's Savings Bank, Yonkers	2,093.46	13,224	380.38	.158	.041
Port Chester Savings Bank, Port Chester........	1,275.86	7,142	369.59	.178	.048
Union Sav. Bk. of Westchester Co., Mamaroneck	382.23	1,951	247.01	.196	.079
Westchester County Savings Bank, Tarrytown...	3,657.80	6,420	536.60	.570	.106
Yonkers Savings Bank, Yonkers.................	3,141.28	15,000	383.54	.210	.055

The wide range of inequality in the burden of this tax on the surplus of the New York savings banks is seen to extend from the nineteen mills paid by each depositor in the Eastern District Savings Bank of Brooklyn to the ninety-five cents paid by each depositor in the East River Savings Institution of New York City and from the impost of seven mills per $100 on the money of the depositor in the Union Dime Savings Institution of New York City to that of over twelve cents per $100 on his money in the Williamsburg Savings Bank of Brooklyn;—more than seventeen times as much proportionally.

The depositor in New York State who has saved about $300 is taxed seventeen cents if he deposits it at Fulton, Oswego County; three cents if at Mount Vernon, Westchester County; sixteen cents if at Stapleton, Richmond County; five cents if in one bank in Brooklyn, and twenty-three cents if in another. But if he has prospered so as to have more than double the sum named, say $700, he will pay but six cents, provided he deposits in Albany. If he takes it to Southold, Suffolk County, he must pay seventy-seven cents.

From all of which it is painfully apparent that the use of the *surplus* of savings banks as a basis for levying a tax upon the depositors in those institutions, or upon their funds, is wholly unscientific in theory and monstrously unjust in practice.

For, while the surplus is unquestionably the property of the depositors, it is not an integral property. It cannot be separated from the deposits which it is intended to safeguard.

The Surplus a Debt Due Depositors.

The Court of Appeals of New York, in a decision written by Justice Gray, said: "The fact that the surplus represents accumulations and may not be immediately paid out, cannot affect the ownership of the property. The word 'deposits' . . . means, by a just interpretation, the *total amount** received for which the bank is accountable, and not merely the identical moneys received from particular depositors. The surplus is *part* of a fund* which represents the original deposits." He also quotes Justice O'Brien of the Connecticut court as deciding that "the profits of savings banks belong in equity to the depositors, and are *a part of the deposits,** in the same sense that stipulated interest is, or may be." (The People of the State of New York ex rel. The Newburgh Savings Bank, Respond-

*The italics are ours.

ent, *v.* George W. Peck, Assessor of the City of Newburgh, *et al.*, Appellants. 157 N. Y. 51.)

These decisions establish the fact that by virtue of its very constitution the surplus of a savings bank, though having been withheld from division with the other part of the earnings (for the purpose of securing the deposits against contingent losses), is never separated from them to the extent of becoming an integral fund, upon which a property tax may be levied exclusive of the remainder of the deposits. It must be obvious that there is no valid reason why the other part of the "deposits" should not be taxed equallv with the indeterminate and constantly varying fraction of these "deposits" designated as the "surplus":—If, indeed, savings bank deposits should be taxed at all.

In these days, when the United Kingdom is paying out in "old age pensions" over $40,000,000 a year to her thriftless poor, it is the acme of folly in statecraft to tax the small savings of the industrious wage-earners of the prosperous State of New York, for the purpose of swelling a revenue which would be immeasurably better collected in any other way.

It would appear that the savings banks of New York have an indisputable vantage ground for application to the Legislature for the repeal of the law taxing their surplus on the showing that it is *not equitably levied.*

And the State ought to seize the opportunity to remove for all time every tax in whatever form upon the ambition of the poorer classes to provide for their own future needs instead of throwing themselves upon the charities of the communities in which they live.

TEXT OF THE POSTAL SAVINGS BANK BILL.

FOLLOWING is the text of the Postal Savings Bank Bill, as published in the *Congressional Record* of February 4, 1910:

A bill (S. 5876) to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes.

Be it enacted, etc., That there be, and is hereby, established a system of postal savings depositories under the supervision and direction of a board of trustees, which board shall consist of the Secretary of the Treasury, the Postmaster-General, and the Attorney-General, acting ex officio. All regulations for the receipt, transmission, custody, investment, and repayment of moneys deposited at postal savings depositories shall be prescribed by said board of trustees, and any general regulation prescribed by the Postmaster-General under authority of this act shall be subject to the approval of said board. Said board shall report to Congress at the beginning of each regular session their transactions under the provisions of this act, including a statement showing the number of post-offices receiving deposits of postal savings in each State and Territory, the aggregate amount of deposits made therein, the aggregate of withdrawals therefrom, the amount of interest paid to depositors, and the amount of extra expense incident to the system of postal savings, and all other facts and recommendations which they may deem pertinent and proper to present.

Sec. 2. That every post-office within the United States which is authorized to issue money orders, and such others as the Postmaster-General in his discretion may from time to time designate, are hereby declared to be postal savings depository offices to receive deposits from the public and to account for and dispose of the same according to this act. Every postal savings depository office shall be kept open for the transaction of business every day (Sundays and legal holidays excepted) during the usual post-office business hours of the town or locality where such depository is located, and between such additional specific hours as the Postmaster-General may direct: Provided, That the Postmaster-General may, if he deems it necessary or more practical, establish at first postal savings depositories only at the money-order offices of the first, second and third classes, and thereafter extend the system as rapidly as practicable to all other post-offices specified above.

Sec. 3. That accounts may be opened and deposits made in any postal savings depository established under this act by any person of the age of 10 years or over, in his or her own name, and by a married woman in her own name and free from any control or interference by her husband; but no person shall simultaneously have more than one postal savings account.

Sec. 4. That the postmaster at a postal savings depository shall, upon the making of an application to open an account under this act and the submission of an initial deposit, deliver to the depositor a pass book upon which shall be written the name and signature or mark of the depositor and such other memoranda as may be necessary for purposes of identification, in which pass

book entries of all deposits shall be made: Provided, That the Postmaster-General may, with the approval of the board of trustees, adopt some other device in lieu of a pass book as a means of making and preserving evidence of deposits.

Sec. 5. That at least $1, or a larger amount in multiples thereof, must be deposited before an account is opened with the person depositing the same, and $1, or multiples thereof, may be deposited after such account has been opened, but no one shall be permitted to deposit more than $100 in any one calendar month: Provided, That in order that smaller amounts may be accumulated for deposit any person may purchase from any depository office for 10 cents a postal savings card to which may be attached specially prepared adhesive stamps, to be known as "postal savings stamps," and when the stamps so attached amount to $1, or a larger sum in multiples thereof, including the 10-cent postal savings card, the same may be presented as a deposit for opening an account, and additions may be made to any account by means of such card and stamps in amounts of $1, or multiples therof, and when a card and stamps thereto attached are redeemed by any postmaster he shall immediately cancel the same. It is hereby made the duty of the Postmaster-General to prepare such postal savings cards and postal savings stamps of denominations of 10 cents, and to keep them on sale at every postal savings depository office, and to prescribe all necessary rules and regulations for the issue, sale, and cancellation thereof.

Sec. 6. That interest at the rate of 2 per cent. per annum shall be allowed and entered to the credit of each depositor once in each year, the same to be computed on such basis and under such rules and regulations as the board of trustees may prescribe; but interest shall not be computed or allowed on any amount less than $1, or some multiple thereof; Provided, That the balance to the credit of any one person shall never be allowed to exceed $500, exclusive of accumulated interest.

Sec. 7. That any depositor may withdraw the whole or any part of the funds deposited to his or her credit, with the accrued interest, after complying with such regulations as the board of trustees may prescribe. Withdrawals shall be paid from the deposits in the State or Territory, so far as the postal funds on deposit in such State or Territory may be sufficient for the purpose, and, so far as practicable, from the deposits in the community in which the depositor withdrawing resides. No bank in which postal savings funds shall be deposited shall receive any exchange or other fees or compensation on account of the cashing or collection of any checks or the performance of any other service in connection with the postal savings depository system.

Sec. 8. That postal savings funds received under the provisions of this act shall be deposited in any solvent bank or banks whether organized under national or state law, being subject to national or state supervision and examination, and doing business in the city, town, or village in which the post-office is situated, at a rate of interest not less than 2¼ per cent. per annum, nor more than is reasonably sufficient to meet the expenses and interest charges of the system herein established, and which rate shall be uniform throughout the several States and Territories. If there is more than one such bank in any city, town, or village willing to take such deposits upon the terms provided for herein, the same shall be divided among them substantially according to their capital and surplus. If no one of such banks in any such city, town, or village is willing to accept the deposits upon such terms, or if there be no bank or banks therein, or if the post-office at which the funds are received is not in a city, town, or village, then the deposits shall be made in a solvent bank or banks, subject to such supervision and examination, of the State or Territory in which the post-office is situated, giving preference to those that are in the same general community as the post-office receiving the funds. The board of trustees shall take from such bank or banks such indemnity bonds as the board may prescribe, approve, and deem sufficient and necessary to insure the safety and prompt repayment of such deposits on demand. At its option any bank may deposit collateral security in lieu of an indemnity bond, such collateral to be subject to the approval of said board. If such bank or banks refuse to receive such deposits on the terms prescribed, said funds may be deposited with the Treasurer of the United States, who shall be the treasurer of said board, and may be withdrawn from deposit upon their order for the repayment of postal savings depositors, or for investment in bonds or other securities of the United States, or in bonds or other securities in which investment of the funds of savings banks is authorized by the law of the State or Territory in which such deposits are received: Provided, That money deposited in the banks and secured to the satisfaction of the board of trustees, as herein provided, shall only be withdrawn to pay the depositors and other obligations of the Government under this act, and shall not be withdrawn for investment so long as the banks are willing to retain it and pay the rate of interest prescribed, from time to time, by said board, which rate shall not be less than 2¼ per cent. per annum: Provided, That postal savings funds deposited in any State or Territory in which no provision is made by law governing the investment of savings bank funds may be invested in the same character of securities in such State or Territory as are made the subject of investment of savings bank funds by the laws of the States of New York or California. Interest and profits accruing from the deposit or investment of postal savings funds shall be applied to the payment of expenses of administration authorized by the board of trustees and approved by the Postmaster-General and of interest due to postal savings depositors as hereinbefore provided, and the excess thereof, if any, shall be covered into the Treasury as part of the postal revenues: Provided, That in the Treasury or with the Treasurer of the United States postal savings funds shall be subject to disposition as provided in this

act and not otherwise. For the purposes of this act the word "Territory," as used herein, shall be held to include the District of Columbia, the district of Alaska, Porto Rico, and the Panama Canal Zone.

Sec. 9. That postal savings depository funds shall be kept separate from other funds by postmasters and other officers and employes of the postal service, who shall be held to the same accountability under their bonds for such funds as for public moneys; and no person connected with the Post-Office Department shall disclose to any person other than the depositor the amount of any deposit, unless directed so to do by the Postmaster-General. All statutes relating to the safe-keeping of and proper accounting for public moneys are made applicable to such funds, and the Postmaster-General may require postmasters, assistant postmasters, and clerks at postal savings depositories to give any additional bond he may deem necessary.

Sec. 10. That additional compensation shall be allowed postmasters at post-offices of the fourth class for the transaction of postal savings depository business. Such compensation shall be at not to exceed one-fourth of one per cent. on the average sum upon which interest is paid each calendar year on receipts at such post-office, and shall be paid from the postal revenues; but postmasters, assistant postmasters, and clerks at post-offices of the presidential grade shall not receive any additional compensation for such service.

Sec. 11. That the sum of $100,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, or so much thereof as may be necessary, to enable the Postmaster-General and the board of trustees to establish a system of postal savings depositories in accordance with the provisions of this act; and the Postmaster-General is authorized to require postmasters and other postal officers and employes to transact, in connection with their other duties, such postal savings depository business as may be necessary; and he is also authorized to make, and with the approval of the board of trustees to promulgate, and from time to time to modify or revoke, such rules and regulations not in conflict with law as he may deem necessary to carry the provisions of this act into effect.

Sec. 12. That postal savings depository funds are hereby declared to be entitled to all the safeguards provided by law for the protection of public moneys, and all statutes relating to the embezzlement, conversion, improper handling, retention, use, or disposal of postal and money-order funds and the punishment provided for such offenses are hereby extended and made applicable to postal savings depository funds, and all statutes relating to false returns of postal and money-order business, the forgery, counterfeiting, alteration, improper use, or handling of postal and money-order blanks, forms, vouchers, accounts, and records, and the dies, plates, and engravings therefor, with the penalties provided in such statutes, are hereby extended and made applicable to postal savings depository business, and the forgery, counterfeiting, alteration, improper use or handling of postal savings depository blanks, forms, vouchers, accounts, and records, and the dies, plates, and engravings therefor.

Sec. 13. That this act shall take effect on the first day of the third calendar month after its approval.

MORE COLLATERAL.

HERE is one of Speaker Cannon's best stories, which illustrates his opinion that whenever you have the votes you can carry out your ideas.

"Back in the greenback days," he said, "there was a man named Emory Storrs, a brilliant man and an able man, in spite of some of his views. He called on Chauncey Blair, a big Chicago banker, and talked the financial situation over with him. He told Blair what the country needed was more money.

"'We have plenty of money,' said Blair. 'The banks are full of it. We would welcome any borrower who came to us for a loan.'

"'Well, let me have a million,' answered Storrs.

"'All right," said Mr. Blair, 'I wish there were three or four more borrowers like you. But what collateral can you offer?'

"'Collateral?' inquired Storrs; 'collateral? Then it isn't more money that we need; it's more collateral.'"

And in the Speaker's mind it isn't recognition that the insurgents need, but votes.

WHAT IS SECURITY?

IT is always a pleasure to sit at the feet of high finance and learn. There is the case of the ready borrower and the vice-president of the bank, for example:

"Loan me $50,000," says the former.

"Any security?" asks the latter.

"No—but I can bring in some deposits."

"Then help yourself."

How can hard-hearted depositors criticise such handsome generosity? After all, what is security between friends?—*N. Y. Sun.*

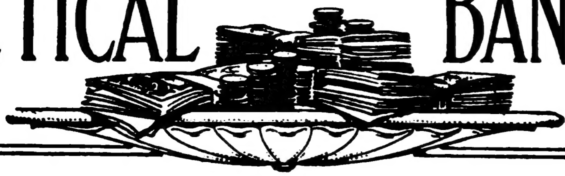
PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

PRACTICAL BANKING



MODERN APPLIANCES USED BY OUR PROGRESSIVE BANKS.

By Arthur A. Ekirch.

LIVING as we do, in a country of invention and rapid progress, it is only natural that the financial institutions of the country keep abreast with the times, and adopt the most economical, rapid and accurate means of caring for the vast amount of wealth placed in their hands for safe keeping.

Twenty-five years ago, mechanical devices were unheard of for use in financial institutions. A few of the more progressive banks used typewriters, while the majority carried on correspondence with the aid of the steel-pen.

The telephone remained an unimportant factor, while the discovery of a machine that would add figures with greater rapidity, and more accurate than the human brain, was, strange to say, looked upon as an infringement on the bookkeeper's rights.

Men who had grown old and gray, trying as best they could to balance pass-books, and take off ledger balances, did not take kindly to the adoption of a machine that would help shorten their hours of toil, and relieve them of strain and worry. They fought shy of the invention, until the growth of the country's financial affairs demanded its use.

Let us compare the past year with that of twenty-five years ago, and see the wonderful change that has taken place in the way of bank appliances.

Electric Appliances.

The new electric adding machine, with balance sheet attachment, is an improvement well worthy of mention. We are all more or less familiar with the old style lever machine. The improved model is used for check listing and balance sheet work, and is appreciated by clerks who have sat on high stools, endeavoring to make two and three foot four. A number of our large savings banks use it for taking off the semi-annual ledger balances. The carriage will hold an extra wide sheet, and is arranged in such a manner that the account numbers, deposits, drafts and balances due depositors can be placed in the various columns, totaled and carried forward to the next sheet.

Adding and Subtracting on the Typewriter.

A few years ago, the typewriter was used entirely for letter writing. To-day—with the aid of a new attachment we can write, add and subtract. For instance: John Doe and Company desire a list of their out-of-town collections. An original and copy sheet is inserted in the machine, the names listed, the various amounts placed next to the names, the total, amount recorded, and the charges subtracted. Seems complicated, doesn't it? And still no unnecessary labor is required. The attachment is compact, easily adjusted, and does not in any way interfere with the use of the machine for regular letter writing. Small levers attached to the numeral keys of the typewriter, revolve the adding wheels in the numbering attachment, and in turn record the totals.

Private Telephone Service.

Let us dwell for a few moments with the telephone—and its use. Twenty-

five years ago few private switchboards were in use. The lone telephone rested quietly on the cashier's desk, and aside from a few calls, it received very little attention. To-day, banks with thirty or more departments are not rare. It is a large family to look after, and rapid communication from one department to another is necessary. The telephone solves the problem. Each department of the bank is equipped with a desk instrument, connected with the bank's switchboard, and in turn with the telephone company's central office. An outside call asking for bookkeeper (K) is at once connected with the bookkeeping department, and the information asked for given without delay. Rapid service pleases a customer, and helps bring in new business.

The Telautograph.

Another invention of some merit is the telautograph. It is an electric instrument used for direct communication, in writing, from one department to another. It is an ideal appliance for use between the paying teller and the bookkeepers. When a message is sent over the telautograph, the fac-simile of the sender's handwriting, with his signature, is reproduced on the paper roll at the station where the message is received. For instance, the paying teller desires to know if John Doe is good for a certain amount. John Doe is standing at the window; to telephone or call out would excite suspicion, and cause him to withdraw his account. No man likes to have his standing questioned. The telautograph asks the teller's question, receives the reply inside of one minute, and does it, too, without the utterance of a word.

Dictograph.

The dictograph, or sensitive telephone, as it is sometimes called, is used in institutions where privacy is essential. The instrument consists of a telephone base, with a special mouthpiece, partly enclosed by a small wooden frame, and made in such a manner that the busy banker can sit at his desk, dictate a letter to a stenographer sitting in another room, and at the same time feel certain that no part of the dictation has been heard by an outsider. Words can be spoken in a whisper, while at the other end of the wire the voice is quite audible. Or, if the banker chooses, he may dictate his letters into the horn of a phonograph and have the records permanently preserved, enabling any stenographer to transcribe the dictation.

The Handy Document Elevator.

Few bankers, I dare say, have heard of the "document elevator". It is a simple contrivance, and still it does the work of four messengers. At the present time it is used by one of the largest banks in the country for conveying check-books and pass-books from the auditor's department on the main floor to the check and pass-book department on the two upper floors. The elevator itself is in reality a miniature dumbwaiter. It is about three feet in length and about two feet in width. It is connected by thin wire cable to a balance weight, and is operated by hand. An electric signal is used to announce its arrival at the different floors. Owing to the vast number of pass-books handled by this particular bank, the elevator is used almost constantly during banking hours.

Pneumatic Tubes.

*The pneumatic tube system, although used for a number of years in the retail dry-goods stores, is a new device for bank use. At the present time the National City Bank of New York is using it with great success.

The tube offers a rapid means for carrying checks, vouchers, and documents of all kinds, from one department to another. Each department is equipped with a sending and receiving terminal. Each tube has a number which corresponds to the department

* Note—The pneumatic tube cartridge is equipped with a small dial, with the various department numbers. If the sender desires the cartridge delivered to department 25 he changes the dial to that number, and the clerk at the central terminal knows at a glance its intended destination.

number. A leather cartridge or car, tube shaped, and with a sliding door on the side, holds the checks, etc. After the cartridge is inserted in the outgoing tube it is carried by compressed air to the central terminal in the basement, where the clerk in charge notes the department number for which it is intended, places it in the proper tube, and it passes on to its intended destination. The entire transaction only requires a few seconds.

MATURITY GUIDE AND NOTE TIMER.

A "MATURITY Guide and Note Timer" has been compiled by John Lewis, of Birmingham, Ala. By the use of this the discount or collection clerk can determine at a glance the number of days a note has to run to its maturity or fix the maturity of any given note. The table has been arranged in a concise way, avoiding many of the complications of other guides which render their use clumsy.

PROVINCIAL BRANCH BANKS OF CANADA.

ACCORDING to recent official statistics, Consul Andrew J. McConnico, of St. Johns, Quebec, says that 20 branch banks were opened and two closed during the month of November, 1909, making the total number of branches of Canadian chartered banks 2,193. These branches are distributed over the Dominion as follows: Ontario, 958; Quebec, 341; Nova Scotia, 105; New Brunswick, 67; Prince Edward Island, 16; Manitoba, 173; Alberta, 152; Saskatchewan, 200; British Columbia, 129; Yukon, 3; Newfoundland, 5; elsewhere, 44.

GOLD OF SOUTH AFRICA.

SOUTH AFRICA has contributed the greatest amount to the world's stock of gold, its share being a little over $150,000,000, the United States slightly less than $100,000,000, Australia about $80,000,000, Russia about $25,000,000 and Mexico a little less than $20,000,000.

THE POPULAR NICKEL.

It Is The Most Useful Coin That Has Ever Been Issued.

PROBABLY the most useful and most used United States piece of money is the "nickel."

The fact is the Government could afford to dispense with almost any coin rather than the five-cent piece. It stands for more stable prices than any other. It is the price of a loaf of bread, it pays the cost of the ride on the street car, with it the German buys his glass of beer and the American pays for the shining of his shoes. It is probably not too much to say that the disappearance of the "nickel" would prove a greater shock to the finances of the nation than almost anything that could happen.

The five-cent coin for two generations, at least, has been the fixed price of so many things that the people would be at complete loss how to proceed without it. True, hundreds of thousands of five-cent pieces are lost each year, but that is due largely to the amazing use to which this little coin is put. The uses of business require the coinage of a greater number of "nickels" than of any other coin.

The "nickel" is extensively used in telephone calls. It was formerly more than now, the open sesame of the popular slot machine, for which it still does extensive duty. It is the price of admission to the fast multiplying picture shows in all parts of the country. The new-fashioned boot shining parlor charges a "nickel." The saloonkeeper and the baker for years have gathered their daily harvest of these little coins. The soda fountain, growing in popular favor, deals mostly in "nickels." Ice-cream in summer time goes for five cents, and the charge for a myriad of things in the pharmacy and the five-cent store requires this coin. Most smokers would have to quit were it not for the "nickel," obnoxious as the domestic cigar is to many of them. The cigarette would cease to be the popular smoke it is if the price were not five cents. Shoe laces would either become a luxury at a higher price or require the payment in pennies.

Turn which way one will, the five-cent piece bobs up at every turn as the most necessary coin of the realm. Its discontinuance would inevitably increase the cost of a thousand things of everyday life, which no dealer now has the daring to change because of riveted custom. There is no likelihood that the Government will soon consider the elimination of this coin, as such action would result in a howl of disapproval, nation wide.—*Baltimore Sun.*

TRUST COMPANIES

Conducted by Clay Herrick.

EDUCATING THE CLERICAL FORCE.

AN increasing amount of recognition is being given by the best trust company officials to the value of definite efforts towards the education of their clerks in the practice and theory of the business. The growing work of the American Institute of Banking is in part an evidence and in part a cause of this tendency among bankers in general.

The arguments in favor of such a course arise from two different standpoints,—that of the employee and that of the employer. The wide-awake employee justly regards the education and training which he may receive as a part of the remuneration for his services. He is somewhat in the position of the old-time apprentice,—is learning a business from which to earn a living. His advancement in that business will depend very largely upon the degree to which he masters its details, and understands its essential principles. To deny him any reasonable opportunities for education in his work is to deprive him of a part of his wages. This is true of any banking institution; but its truth is more evident in the case of a trust company in proportion as its business is of a more varied nature than that of the bank. It is quite possible,—and in some institutions inevitable,—that an employee may master the details of work in one department and yet know nothing of the details of work in other departments. What information he gains regarding other departments must in any instance depend largely upon his own efforts at investigation, outside of the performance of his regular duties; but it is possible to either hinder or aid him in his efforts.

From the standpoint of the employer, the advantages of giving employees opportunities of learning the business thoroughly are self-evident. The employee who understands the business thoroughly, from top to bottom, is of necessity capable of better service than the one who does not so understand it. He has also more incentive to give the best service, for it is characteristic of human nature to take more interest in that which one understands. The official whose clerks thoroughly understand their business is relieved of a vast amount of detail work regarding matters which the ill-informed must submit to him for decision.

What are the best methods of promoting such education? It is more largely a matter of purpose than of method. If the purpose is present. methods, varying according to the conditions, will readily occur. Investigation should be encouraged, questions cheerfully answered. It is worth while to explain a proposition until it is thoroughly understood.

In small companies the problem is comparatively easy. It has long been recognized that a small bank affords the best opportunities for learning the banking business; and the same thing is true of the trust company, except for the fact that small companies are not apt to have all the different classes of business that come to the larger companies.

The essential advantage gained by the employee in the small company is the frequent opportunity to observe the work of his fellows and to assist in that work; and this advantage may be given to employees in the larger companies by the exercise of a little thought.

Those whose regular work is in one department may occasionally be given work in other departments. The trust department, in particular, is apt to find itself overloaded with work at times, and on such occasions employees of other departments may be utilized to the advantage of themselves and of the company. Some companies have adopted the plan of having each department audited at frequent intervals by employes of other departments. This accomplishes the double purpose of education and of audit.

Not many companies will be disposed to go to the length of providing opportunities to its men for evening study of the business; but for any who may be so disposed the field is limitless. Some years ago, the Seaboard National Bank of New York prepared a course of study for its employees, preparing special printed samples of negotiable instruments for the purpose. The need of such special courses does not now exist, for the reason that such courses are offered by the American Institute of Banking. It is the evident privilege and duty of wide-awake trust company officials to encourage their employees to take advantage of the opportunities offered by this organization.

INTEREST RATES.

THE long-talked-of-decrease in the interest rate paid by savings banks in New York City was started at the last interest period (Jan. 1, 1910), when the Bowery, the Dry Dock, the Italian, the North River and the Union Savings Banks reduced their rates from four per cent. to three and one-half per cent. It is interesting to note that the step did not result in any marked decrease of deposits, the aggregate withdrawals thus far having been not more than one-half of the interest payments, while one of the companies reports a small gain. As the changing of the deposits to other nearby banks paying four per cent. interest was easy, this fact is significant.

A canvass of savings bankers of the city by the Wall Street Journal showed a majority opinion in favor of the reduction, though there were some opposed to it, while there were of course those who did not care to commit themselves. The chief argument mentioned was the desirability of building up the surplus account more rapidly than was possible under the four per cent. rate, as a matter of prudence, and it can hardly be denied that such a policy is in line with sound banking. A beginning has now been made and it is thought that other banks will fall in line, though of course only the future will tell how many of them will do so.

Whether the movement will spread to the trust companies remains to be seen. If the step was a wise one for the savings banks it is difficult to see why it would not be a wise one for the trust companies. To what extent prudence makes the step necessary may be a matter of opinion, and there may be circumstances which dictate it for some institutions and not for others. The trust companies ought, however, to be in all respects as safe and as sound as the savings banks, and must be awake to whatever forward movements are within their reach. As to the public, in the long run it will care more for safety than for a high interest rate on its savings deposits.

PUBLICITY.

ONE of the striking tendencies of the times which ought to benefit trust companies is the decreasing reticence of financiers,—their growing inclination to take the public more into their confidence as to plans and reasons for plans. This is no doubt but a part of the modern demand for publicity, the increasing insistence upon "being shown." Bankers, both of private houses and of incorporated institutions, are coming to see that the oldtime attitude that what they were doing was no concern of the public's is out of date, and that it is really good

business to partake in frank discussions of financial matters.

From this tendency the trust company has much to gain. The less of mystery it has in the eyes of the people the greater must be its appreciation by the people. So far as its trust functions in particular are concerned, the trust company suffers from nothing so much as from general ignorance as to what a trust company is, what it does, how it does it, what its charges are as compared with those of the individual, how it makes its money, what advantages it offers, what special security and protection it affords. To make these matters clear, thousands of dollars are spent each year in various forms of advertising,—and well spent, too. Yet a far more effective form of publicity is available to those who will appropriate it in the free and frank discussion of their affairs by trust company men whenever opportunity offers. Opportunities offer themselves in newspaper interviews, club discussions, conventions, ordinary conversasions,—in dozens of ways.

ANOTHER DEPT. STORE.

FROM a recent circular of a National bank in a large Central West city we clip the following:

"Banks and Bankers provided with facilities for issuing their own foreign exchange; foreign money bought and sold; steamship reservations made and travellers provided with checks and letters of credit.

"In the savings department interest is paid quarterly and withdrawals permitted without notice.

"Private safes of different sizes are rented at low rates in our impregnable armor plate vaults.

"A separate department is maintained for ladies provided with every comfort and convience."

We had to rub our eyes and look twice to make sure that we were reading the circular of a national bank. Here is fresh evidence that the "invasion of territory" is not all one-sided, and that the tendency which we have remarked in these columns is making rapid progress.

SUPT. CHENEY'S REPORT.

THE first annual report of the new Superintendent of Banks of New York State, Orion H. Cheney, was submitted to the Legislature on January 13. Mr. Cheney, besides himself having marked qualifications and experience for the office, has been fortunate in the training he had under his predecessor, Clark Williams, who established the office on a higher plane of efficient service than had previously been attained by any state banking department in the country.

The report reflects a prosperous condition among the trust companies of the state, their total resources being $1,673,510 on September 14, 1909, as compared with $1,355,312 on August 31, 1908. Mr. Cheney makes it clear, however, that he does not base his opinion that the trust companies and other financial institutions under his charge are prosperous solely upon increases in figures. On this point, referring to all financial corporations in the state, he says, "Since banking for quantity is not in itself necessarily commendable, the figures cited, which are unprecedently large, might or might not be ground for approval and congratulation, according to their significance in other particulars."

During the year, the number of companies in the state was reduced from eighty-eight to eighty-five; the decrease being due to the failure of the Binghamton Trust Company, the closing of the Lafayette (formerly the Jenkins) Trust Company, and the merging of the Bowling Green Trust Company into the Equitable Trust Company. The gross earnings of the trust companies were $67,110,028, and their expenses $42,467,593. The dividends declared amounted to $11,700,000, being about four and one-half per centum on the combined capital and surplus.

The Superintendent calls attention

to the fact that under the plan of liquidation by the Department dividends of thirty per centum on the creditors of the Lafayette Trust Company and of fifty per centum to those of the Binghamton Trust Company have been paid at costs of one per centum and two-thirds of one per centum respectively, as against a cost under the old system of receiverships often amounting to twenty or even thirty per centum. He also notes that the cost of liquidation in the cases of about forty National banks in the state has averaged eight and seven-tenths per centum.

TRUST COMPANY GROWTH IN NEW YORK.

THE statements of January 1, 1910, show aggregate deposits for the trust companies of the state of New York of $1,302,099,738; and for the trust companies of New York city (Manhattan only), of $1,064,954,258. The following table shows how these figures compare with the totals one and two years ago, and also with the figures for August 22, 1907, the last statement prior to the panic:

	New York City Borough of Manhattan	New York State
Aug. 22, 1907	$849,123,619	$1,087,664,431
Jan. 1, 1908	538,664,879	732,278,460
Jan. 1, 1909	957,378,793	1,182,242,775
Jan. 1, 1910	1,064,954,258	1,302,099,738
Increase in 1909	$107,575,465 (11%)	$119,856,963 (10%)
Increase, 2 years, 1908 and 1909	526,289,379 (98%)	569,821,278 (78%)
Increase since Aug. 22, 1907	215,830,639 (25%)	214,435,307 (20%)

It thus appears that while the trust companies of the state and of the city had more than recovered from the panic on January 1, 1909, their deposits have since that time increased by ten per cent. and eleven per cent. respectively. The figures for January 1, 1908, while not quite as low as those of the statement of December 19, 1907, mark approximately the low point after the panic. From this low point deposits of the city companies increased ninety-eight per cent., and those of the entire state seventy-eight per cent. The figures for August 22, 1907, were for the last call prior to the panic and indicate the approximate condition before the storm broke. Since that date the city companies gained twenty-five per cent. in deposits, and the companies of the entire state twenty per cent.

The lesser percentage for the figures of the entire state during the two-year period is due not so much to a smaller actual increase in dollars as compared with the figures for the city as to the fact that the companies outside of the city did not lose as heavily between August 22, 1907 and January 1, 1908; the city companies having lost thirty-six per cent. and the balance of the companies in the state only nineteen per cent. during that period.

While these figures are in themselves gratifying, the best progress made by New York trust companies during the past two years really lies in the successful adoption of the various reforms initiated by the state banking department,—in the sound condition of the companies as indicated by the report of Superintendent of Banks Cheney, referred to in another column. That the trust companies of New York have both increased their deposits and raised the general standard of their ideals of safety and efficiency is indeed gratifying.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE GOLD MOVEMENT IN EUROPE.

THE statistics compiled by the European financial press in regard to the movements of gold during the year 1909, showed a very considerable increase in gold resources at the banks within the year. The figures of the "London Statist" for the twelve leading European banks and the associated banks of New York show the total cash held at the end of December, 1909, to have been £650,856,000 ($3,172,630,000). This was an increase of £16,744,000, or 2.6 per cent. over the corresponding returns for 1908, which themselves showed an increase of £83,982,000, or 15.2 per cent., as compared with the figures for 1907. Thus within two years there was an increase of £100,726,000 ($491,000,000), or 18.3 per cent.

These figures disclose in a measure the reasons which led to the reduction of European bank rates early in the year. In London the withdrawals of gold for India and Egypt are closely scanned, but the diversion of the pressure from the Bank of England to the Bank of France has made the situation easier at the former institution. It is declared by the "London Statist" of January 15 that the demand from India is very nearly satisfied and that the withdrawal from the Bank of England early in the year was a special operation which cannot be repeated for some weeks, if repeated at all. According to the calculations of persons in a position to be well informed, India obtained of the metal from Egypt about £4,500,000, part of which Egypt replaced by withdrawals from Paris. In addition to this amount, £875,000 was taken out of the Bank of England in one week on Indian account, and small amounts had been taken previously. The total remittances of the metal to India from London and Egypt, therefore, amount to at least £5,500,000, and possibly to considerably more. The demand from Egypt is now easing off, and the demand for Council drafts is also diminishing. Indeed, discount rates are declining in India, and the banks feel they have rather over-supplied themselves.

In regard to the demand from Egypt and from other sources, the "London Statist" discusses the situation as follows:

"Egypt, on the other hand, will not be able to return much, if any, of the gold she recently took from London, for she has obtained a considerable amount of the metal from Paris to replace the gold parted with by her to India, and this she obtained by undertaking to repay it in Paris. Of course the Brazilian demand has been ended for some time, and it looks as if Argentina would not be in a position to take much. Unfortunately, it seems now that the Argentine wheat crop has suffered more than was thought probable up to a week or ten days ago. The losses from drought, frost, and locusts, if the latest accounts are accurate, have been much heavier than was anticipated. If it be true that the surplus available for export is about 15 per cent. less than that of last year, it is a very large decrease, and renders it extremely improbable that Argentina will be in a position to take much gold. As regards the United States, the improbability is very great that it will be able to take gold. Therefore the likelihood at present is that there will be for some time to come little competition with the Bank of England for the gold

offering in the open market, unless, indeed, France becomes a buyer. Therefore the market clearly is of opinion that there is no danger in allowing rates to fall away. It is always unsafe to act upon probabilities of this kind, for they are too slight to justify action. Last year, it will be recollected, everybody anticipated that during the first six months the Bank of England would be able immensely to strengthen its reserve. Yet most of the gold offered in the open market was taken by foreign countries—France, Austria and Russia at one time or other all bidding eagerly for the supplies. Furthermore, it will be borne in mind that Russia was a keen buyer of gold just at the time when the Bank of England found it necessary to put up its rate of discount in the autumn. Now the Russian harvest has been exceptionally good, and therefore Russia is at present in a position to resume her purchases if she deems it expedient. Over and above this, it is never to be forgotten that France is always able to buy gold, and suddenly there might be such a drop in the Paris Exchange upon London as would make gold withdrawals pay."

A new method of obtaining gold for India at small cost to the Indian banks has recently been put in operation. The process began by the Indian banks taking gold from Egypt, which they could do on a more economical basis than from London, and the Egyptian banks recouped themselves by obtaining gold from Paris. The gold was transmitted from Paris through Marseilles by French parcel post to Egypt. This fact seems to have suggested to some of the Indian banks in London the idea on which they are now acting. Apparently they asked themselves if gold could be sent by parcel post from Paris, why not from London? Accordingly, gold is now being sent from London to Paris, and from Paris it is being transmitted by French parcel post to India.

The advantage of this is that it saves a considerable proportion of the cost; but, on the other hand, it takes a longer time in transmission. And, furthermore, the gold must be packed in small parcels. The parcel must come within the parcel post regulations, or about $2,000. How much more will be taken in this way it is, of course, impossible to say. The French Post-Office may conceivably object. For it was not to carry specie that the parcel post was established. Again, it is suggested that the Messageries steamship line may make a protest to the French Government, inasmuch as they are carrying the specie at Post-Office rates, whereas if they carried it otherwise, the rates would be much higher. But whether the French Government would yield remains to be seen.

GERMAN BANK MERGERS.

In Germany, as in Great Britain, the process of the absorption of the smaller provincial banks by the metropolitan institutions has been rapid in recent years. As has happened on more than one occasion in London, however, an important provincial bank has now obtained a footing in Berlin by the purchase of one of the private banks of that city. This is the Rhenish-Westphalian Disconto-Gesellschaft, of Aix-la-Chapelle, which is about to absorb the business of the firm of Hardy & Company of Berlin. According to a statement issued by the manager of the Rhenish-Westphalian Bank, quoted in the "London Bankers' Magazine" for December last, the directors have just sanctioned the raising of the share capital from 80,000,000 marks to 95,000,000 marks ($22,570,000), by the issue of new shares, of which one-third will be taken over by a group at the price of 125 per cent., whilst the balance will be taken over by a syndicate headed by the Disconto-Gesellschaft, at the price of 117 per cent., and be offered to the shareholders in the Rhenish-Westphalian Bank at 120 per cent. The proceeds of the issue are intended for the purchase of the shares of the banking firm of Hardy & Company, at the price of 111 per cent. The latter undertaking will continue provisionally under its present title, as an independent firm externally, but will probably, says the "Berliner Tageblatt," be finally merged

into the Rhenish-Westphalian Disconto-Gesellschaft. The present capital increase brings the latter to the head of provincial banks, the next institution being the General German Credit Anstalt, of Leipzig, with a capital of 90,000,000 marks, the Rhenish Credit Bank of Mannheim with 85,000,000 marks, and the Bergisch-Markische Bank of Elberfeld with 75,000,000 marks ($17,820,000).

BANKING CONDITIONS IN AUSTRALIA.

BANKING conditions in Australia seem to have been affected during the past two years by the same conditions of excessive money supply and limited demand which marked the period following the crisis of 1907 in other countries. Total assets of the banks of Australia and New Zealand, which advanced from £170,710,593 in 1904 to £203,178,212 ($990,150,000) in 1907, declined to £168,399,629 ($820,945,000) in September, 1909. The decrease in loans was about £20,000,000, leaving the amount for the September quarter of 1909 at £119.953473. The effect of redundant capital upon the note circulation was to cause a reaction from the high maximum of September, 1907, which was £5,324,123, to an amount about £400,000 less in 1909. Similar influences caused the coin and bullion to decrease from £28,998,950 in September, 1907, by about £2,800,000 in 1909. The following table shows the general status of assets and liabilities of the banks of Australasia on September 30, 1909, exclusive of balances to and from other banks:

Assets.	Australia.	New Zealand.	Total.
Coin and bullion	£26,757,409	£5,028,490	£31,785,899
Notes and bills of other banks	884,251	205,582	1,089,833
Landed property, &c.	4,856,369	404,081	5,269,450
Advances, &c.	99,571,866	20,381,607	119,953,473
Total assets	£132,068,895	£26,029,760	£158,098,655
Liabilities.			
Notes in circulation	£3,397,677	£1,525,553	£4,923,230
Bills in circulation	705,691	88,033	793,724
Deposits	115,421,715	22,407,154	137,828,869
Perpetual inscribed stocks of the E., S. & A. Bank	1,986,528	—	1,986,528
Total liabilities	£121,511,611	£24,020,740	£145,532,351
Excess of assets (capital, reserves, &c.)	10,557,284	2,009,020	12,566,304

Deposits for the whole of Australasia showed an increase of about £5,900,000 over the September quarter of 1908, when the amount was £131,915,854. Advances during the same interval showed a decline of about £6,700,000 as compared with the September quarter of 1908, but no radical departure from the total of the June quarter.

THE MARKET FOR GOLD AND SILVER.

THE annual circular of Messrs. Pixley & Abell, the well-known brokers in the precious metals, on the market for gold and silver in 1909, frankly admits the growing difficulties encountered by the Bank of England in maintaining control of the London money market. The influences contributing to this condition, and the remedies adopted during the past year, are thus discussed:

"Among the many causes contributing to the loss of control by the Bank of England over the money market, may be noted the growth in power of the joint stock banks and their occasional unwillingness to support the action of the bank; the larger claims of other nations on the world's gold, due partly to their increasing share of the world's trade. and the growth of their investing power at a rate proportionately more rapid

than ours; the fact that every nation with the exception of China is seeking either to establish or to strengthen their gold reserves, and also that the money supplies in London are increasingly 'foreign money' and largely dependent therefore on the goodwill of the countries to whom these supplies belong.

"It is worthy of note that for the third successive year the Bank of France has been willing to come to the rescue and has lent substantial amounts in sovereigns during October and November on sterling bills repayable in sovereigns within three months.

"One of the joint stock banks has appreciated the necessities of the case and has on two occasions bought gold in the open market when obtainable at 77s. 9d., and placed it in its own reserve, reselling the gold at a profit when foreign demands had raised the price."

In respect to the silver market attention is called to the fact that, in spite of the low price of the metal, the year has been one of comparative steadiness. The highest quotation, on May 5, was 24⅞ pence, while the lowest, which occurred on March 4 and again on October 26 and October 30, was 23 1-16 pence, showing a range of only 1 13-16 pence, as compared with a range of five pence in 1908 and 8¼ pence in 1907. The character of the demand in the principal silver-using countries is summed up as follows:

"Shipments to India, though less than in 1908, have continued on a large scale and amount to about £6,750,000 while the stock held in Bombay is now £1,-000,000 with nearly £500,000 on the water, against a stock of £400,000 and $840,000 in transit at the end of 1908. With the excellent crops of cotton and other produce in India, it is anticipated that there will be a large demand for silver for jewelry and hoarding during the coming year, though, judging from the increased shipments of gold to India during the last few months, it is probable that a greater proportion of gold than usual will absorb the savings of the people. The speculation to which we referred last year continued until recently, and at one time it was estimated that Indian speculators had sold short on this market to the extent of £2,000,000. During the last few months, however, this has been largely liquidated and the amount now open can be but trifling. This buying was probably the principal cause of the steadiness of the market during the later months of the year.

"The Indian Government has again made no purchases. Its total holdings of silver rupees, which at the beginning of the year stood at about 46 crores (£30,500,000), increased during the summer to 49 crores (£32,500,000), but during the last few months, owing to the demand for currency to move the heavy crops referred to above, these stocks have been reduced to 38¾ crores (£25,-825,000) and it is probable further large reductions will be made during the early months of 1910. Whether these will be so large as to lead to fresh purchases of silver by the government remains to be seen.

"China has been a larger and more important buyer this year than usual, though at times, when quotations have suited, she has sold freely. In addition to her operations on this market, she has also bought and sold largely in Bombay, while from San Francisco she has re-received upwards of £1,500,000, against £1,100,000 in 1908. The low rates of exchange ruling in China have again adversely affected the import trade, while exports for the same reason have been stimulated. The country has been favored with excellent crops and the banks have been obliged to buy and import silver freely to pay for their exports. Large purchases of Manchurian beans, of which the crop this year is unusually large, have been made for Europe, and these have had to be paid for in silver. This is practically a new trade so far as Europe is concerned, Japan having previously been the principal buyer of these beans. In Shanghai the stock of Sycee, which at the beginning of the year amounted to 19,000,000 taels, is now about 14,200,000 taels. Shipments of silver from London to China during the year amount to nearly £2,000,000, against £821,000 in 1908, but these fig-

ures are not necessarily correct, for silver shipped to China from London is often diverted while in transit to India, while shipments to India are in the same way diverted to China."

A BANKING BLUNDER IN SOUTH AUSTRALIA.

THE method of financing of the State Bank of South Australia does not commend itself to the "Australian Insurance and Banking Record," which makes some caustic criticisms in its issue of November 22 last. The purpose of the bank is to make advances to settlers, but the method, in the opinion of the publication named, appears to be rather faulty. The money required is raised on interminable mortgage bonds. Up to the present time borrowers from the bank have possessed the right to pay off loans with bonds at their face value, and, on the other hand, the Government has redeemed bonds in the open market, both borrowers and Government buying at a discount. Bona fide investors therefore stand to lose, and under the circumstances the bonds are liable to market depreciation. The bank can redeem by adopting the ballot system, but as the Inspector General recently replied to a questioner: "The bank is scarcely likely to subject any bonds to ballot while they could be purchased in the open market at a discount." It is argued by the Record that the bonds should be made terminable at short fixed dates (say seven or ten years) and the practice of repaying loans with them should be disallowed.

DIVIDEND OF THE BANK OF FRANCE.

THE governing board of the Bank of France fixed the dividend for the second half of 1909 at 72.916 francs, which works out at 70 francs ($13.51) free of taxes. This distribution, which is the same as for the first half of the year, makes total dividends for 1909 140 francs on the 1000-franc shares, as compared with 160 francs in 1908 and 175 francs in 1907. It is declared by "L'Economiste Européen" of December 31 last that this diminution in the dividend is easily explained. The year just closed was in the aggregate a period of restriction; commerce did not suffer the great monetary needs of 1907 and the beginning of 1908. The tightness in the money market which occurred during the closing months and which again called for the benevolent intervention of the Bank of France in foreign markets was only an accidental event.

The tax paid to the state on behalf of the productive circulation amounted for 1909 to 4,790,508 francs ($924,-470). The total of the sums thus paid to the Treasury since the law of 1897 went into operation has been more than 60,000,000 francs. The governing board has levied upon the profits of the half-year 1,406,814 francs for the benefit of the reserve fund for employees, designed to establish a retiring pension. This special reserve has now risen to 30,000,000 francs. The shares of the bank were quoted on January 20 at 4280 francs.

SAVINGS BANK DIFFICULTIES IN AUSTRALIA.

SOMETHING of the same difficulty which has been encountered by the Treasury Department of the United States in the low return on the two per cent. bonds, seems to have been encountered in Queensland in relation to the savings bank stock. The subject is discussed in the "Trustees' Quarterly Review" for October in the following terms:

"It is highly important, in dealing with the issue of stock, that the Government should be guided by sound principles, and by an intimate knowledge of the requirements and peculiarities of the market. An illustration of this has occurred in connection with the Savings Bank inscribed stock. In the first instance this was issued as a three per cent. stock at 99; but subsequent issues were altered to 3½ per cent. issued at

par. The consequence of this has been that the original issue is now all but unsalable, to the great loss of the original investors, who are thus compelled to sacrifice their capital, or wait till the loan falls in. Very recently a parcel of three per cent. Savings Bank stock was bought at £85, or £14 below the price of issue. The return on this depreciated stock is actually £3 10s. 7d. interest only, and £3 15s. 6d. including redemption. The $3\frac{1}{2}$ per cent. Savings Bank stock, issued at par, is now obtainable at about £96 10s. New South Wales stock can be purchased at a price which yields £3 15s. per cent. per annum. The course which would have protected the interests of the investing public, and which would, in the long run, have been better for the Government in connection with the issue of these stocks, would have been to maintain the dividend, and vary the market price of the stock to suit the state of the market at the time of issue."

GOLD IN THE ARGENTINE.

THE Argentine Republic seems to be in a fair way to establish soon the complete convertibility of its paper currency into gold. The currency is not at present legally convertible beyond the amount of paper which is issued in exchange for gold at the fixed rate of $44 in gold to $100 in paper; but practically the whole of the currency (nearly $300,000,000 beyond what was issued directly for gold) is convertible at the extent to which conversion is required, because the gold in the country far exceeds the demand for it. It is declared by the "London Economist" of January 22 last that unless the conversion law should be altered, by limiting the issue of paper money against gold, the stock of gold in the Caja de Conversion will continue to increase so long as Argentina enjoys good harvests and is free from the disastrous droughts and floods which have often caused great destruction of sheep and cattle, and provided that the nation remains at peace with its neighbors. It is intended, according to a correspondent, to increase the Conversion Fund in the Bank of the Nation (now $28,500,000 gold) until it has reached an amount sufficient to justify a decree declaring the old paper currency, above mentioned, convertible.

A NATIONAL BANK FOR BOLIVIA.

A BILL has been laid before the Bolivian Congress by the Government providing for the creation of a national bank to be known as the Banco de la Nacion Boliviana. The initial capital is fixed at $10,000,000, of which the government is to take half and the remainder is to be allotted to the public and the existing banks of issue. According to details of the measure contained in the "British Board of Trade Journal" for January, the bank is to have the right to issue notes in the same proportion as is allowed by law to the existing banks. Notes will be redeemable at the rate of about $13\frac{1}{2}$ pence per boliviano, at which exchange has been maintained recently. In future no further concessions are to be granted for the establishment of banks of issue and the government will concentrate in the national banks its receipts and disbursements.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BANKERS LIEN—NOTES FORWARDED FOR RE-DISCOUNT.

HANOVER NAT. BANK vs. SUDDOTH.

SUPREME COURT OF THE UNITED STATES, NOVEMBER 29, 1909.

Where notes are forwarded by a bank to its correspondent for re-discount, the latter, upon refusing to make such re-discount cannot retain the notes for a balance due it.

The agreement between the forwarding bank and its correspondent construed, and held not to authorize the retention by the correspondent of notes sent to it for re-discount, and not re-discounted.

IN error to the United States Circuit Court of Appeals for the Second Circuit to review a judgment which, on a second writ of error, affirmed a judgment of the Circuit Court for the Northern District of New York in favor of the receiver of an insolvent national bank in an action to recover from another bank certain promissory notes, or their value, retained by the latter bank as collateral to the indebtedness of the former.

Mr. Justice WHITE delivered the opinion of the court:

The predecessor of the present receiver of the American National Bank of Abilene, Texas, sued, in April, 1905, to recover from the Hanover National Bank of New York four promissory notes or their value.

We shall refer to the corporations as the Abilene bank and the Hanover bank.

At the trial, under instruction, there was verdict for the Hanover bank, and the judgment thereon was reversed. (79 C. C. A. 23, 149 Fed. 127). In conformity to the opinion of the circuit court of appeals, on the new trial a verdict was directed in favor of the receiver, and to reverse the affirmance of that judgment (82 C. C. A. 676, 153 Fed. 1021), this writ of error is prosecuted.

The facts are these: Prior to November, 1903, the Abilene bank was a correspondent of the Hanover bank, and had an account with the latter. The credit of this account was principally made up by the proceeds arising from the rediscounting by the Hanover bank of commercial paper for account of the Abilene bank. On November 27, 1903, the Abilene bank signed an agreement concerning the right of the Hanover bank, under conditions stated, to attribute to the payment of debts due it by the Abilene bank securities in its hands belonging to the Abilene bank. In January, 1905, the Hanover bank was contingently responsible for commercial paper, aggregating probably sixteen or seventeen thousand dollars, which it had rediscounted for the Abilene bank, and

upon which the latter bank was ultimately liable.

On January 9, 1905, the Abilene bank transmitted by mail to the Hanover bank a note of the Hayden Grocery Company for $2,000, drawn to the order of the Abilene bank, and by it indorsed, the letter stating that the note was sent for discount and credit. On the next day—the 10th—the Abilene bank also transmitted by mail a note drawn by R. H. Logan and W. R. Logan, to its order, and by it indorsed likewise, with a statement that it was sent for discount and credit. On the 12th of the same month the Abilene bank again transmitted to the Hanover bank for discount and credit two other notes, one drawn by L. W. Hollis for $3,500, and indorsed as were the previous notes, and a notes of C. B. and W. F. Scarborough, for $1,500, likewise so indorsed, the letter of transmittal yet again stating that they were sent for discount and credit.

The Hayden Grocery Company and the Logan notes, forwarded on the 9th and 10th of January, reached the Hanover bank on the 14th; and on that day it telegraphed to the Abilene bank, declining to discount the notes, and by a second telegram said: "Referring to previous despatch transfer or ship currency;" which, according to the counsel for the Hanover bank, meant to call upon the Abilene bank either to transfer a credit from some other bank or ship currency direct. It is not shown that any reply, either by telegram or letter, was made to the messages thus sent on the 14th. The notes forwarded on the 12th reached the Hanover bank on the 16th, and the latter at once telegraphed, "Not satisfactory," and confirmed the telegram by a letter, saying: "We are not discounting inclosures for you, but hold same as collateral to your indebtedness to us." The Abilene bank did not reply by telegram, but on the same day, wrote to the Hanover bank as follows:

"We have first received your wire. The rediscounts we sent you were mostly renewals and in every instance 'good as gold.'

"Since the drop in cotton, collections are at a standstill, and our clients expect us to stay with them, and we are obliged to ask the same indulgence from our correspondents.

"Should you prefer, we will send our B-P with collaterals attached.

"We trust you will accord us the leniency asked for."

On the morning of January 17, 1905, there stood on the books of the Hanover bank to the credit of the Abilene bank the sum of $616.15. On that day a check on the Hanover bank, dated January 11, 1905, drawn by the Abilene bank for the sum of $3,825.45, payable to the New York Life Insurance Company, as also some small checks, passed through the clearing-house upon attention being directed to the overdraft which thereby resulted, a telegram was sent to the Abilene bank, referring to the previous letters and telegrams, and asking that bank what it had done. No reply having been received before the close of business on that day, the vice president of the Hanover bank, after examining the written agreement to which we have previously alluded, allowed the overdraft to stand, and, to cover the same, made an entry of a loan of $3,500 to the Abilene bank, which was placed to the credit of that bank, and, after absorbing the overdraft, left to its credit the sum of $63.74. On the same day the Hanover bank wrote to the Abilene bank saying: "As your account showed overdrawn today over $3,000, have made you temporary loan of $3,500 against collateral in our hands." On the next day (January 18,) the Abilene bank closed its doors.

It is to be observed that of the letters, the one by the Hanover bank, written on the 17th of January, and the one written on the previous day by the Abilene bank, did not reach their destination until after the failure of the Abilene bank.

Thereafter Richard L. Van Zandt was appointed receiver, and, as we have said, commenced this action to recover the possession of the four notes which had been transmitted to the Hanover

bank, as above stated, or the value of such notes, and, in the course of the action, the proceedings took place to which we have at the outset referred. The ground relied upon for recovery was that, as the notes had been sent to the Hanover bank for discount for the account of the Abilene bank, upon the Hanover bank refusing to discount them, that bank had no claim whatever upon the notes, and had no right to apply them as collateral to the payment of the voluntary overdraft which had been allowed on the 17th of January, and thus obtain a preference to the extent of the appropriation over the general creditors of the Abilene bank. It suffices to say that the defense of the Hanover bank controverted this contention, and asserted that the appropriation of the notes was justified under its general bankers' lien or under the terms of the special agreement of November 27, 1903. During the pendency of the action, the Hanover bank collected three of the notes, deducted from their proceeds the sum of $3,-725.86, then due, and paid to the receiver the balance, and also delivered to him the uncollected note, being the note of R. H. Logan and W. R. Logan, which had been transmitted to the Hanover bank on January 10 and was by it received on the 14th.

It is contended that the appellate court erred in affirming the ruling of the circuit court directing a verdict for the receiver. The grounds for this contention are that the evidence showed that the Hanover bank had the right to retain the four notes or the balance of their proceeds, by virtue of its general bankers' lien; and, if not, as a result of the express provisions of the agreement of November 27, 1903; and, in any event, by the authority or consent of the Abilene bank. Without stopping to consider whether the third contention is not really involved in the first two, we pass to their consideration in the order mentioned.

1. *Was there a right of retention in the New York bank by virtue of its general bankers' lien?*

The rulings of this court foreclose this question, since they conclusively establish that a general lien in favor of a bank cannot attach to securities which are delivered to it in order that it may do a particular thing with them, and that, when it refuses to do that thing, the duty to return exists. The general subject was elaborately considered, and the authorities were fully reviewed, in Reynes vs. Dumont, 130 U. S. 354, 32 L., ed 934, 9 Sup. Ct. Rep. 486. In that case securities had been sent to bankers for a specific purpose. That purpose having been accomplished, the securities were permitted to remain in the custody of the bankers as depositaries, because they were in a good market and a place convenient for procuring loans, and because the expressage upon their return would have been great. The right to a general bankers' lien, upon the securities was denied. Such a lien it was said, would arise "in favor of a bank or banker out of contract, expressed or implied, from the usage of the business, in the absence of anything to show a contrary intention." Ordinarily, it was declared the lien would attach in favor of a bank upon securities and moneys of the customer, deposited in the usual course of business, etc.

It was, however, expressly declared not to "arise upon securities accidentally in the possession of the bank, or not in its possession in the course of its business, as such, nor where the securities are in its hands under circumstances, or where there is a particular mode of dealing, inconsistent with such general lien." Biebinger vs. Continental Bank, 99 U. S. 143, was one of the authorities cited in the opinion. In that case it appeared a deed had been deposited with the bank as collateral security for the customer's current indebtedness and discounts. After payment of this indebtedness and a temporary suspension of dealings, the customer incurred new indebtedness to the bank; but, as it did not appear that the money was loaned or debt created on the faith of the deposit of the deed, the bank's claim of a lien thereon was denied. (Bank of Montreal vs. White, 154 U. S. 660, and 26 L. ed. 307, 14

Sup. Ct. Rep. 1191, is also a pertinent decision.)

Without elaborating the issues which were there involved, it suffices to say that, in an action to recover upon a promissory note, in order to escape the contention that it was not an innocent holder, the bank contended that, before the note was sent to it for discount, the sender was under a promise to furnish security for advances to be made, and therefore the rights of the bank as an innocent holder were to be determined by the state of its knowledge at the time the note was received, although the discount was declined, and not by the state of knowledge existing when, at a subsequent date, the note was actually discounted. In disposing of a contention that the trial court had committed error in not giving an instruction which the bank asked in accord with its contention as just stated, the court said:

"There can be no pretense in this case that the note in suit was ever actually delivered to the bank as collateral security for past or future indebtedness. In the letter transmitting it, the bank manager was asked to discount it and place the proceeds to the credit of the manufacturing company. In that event the 'overdraft kindly allowed on Friday' was to be charged against the credit; but it is nowhere, even in the remotest degree, intimated that, if the discount was declined, the note might be kept as collateral. The charge asked and refused was, therefore, wholly immaterial; and the judgment cannot be reversed because it was not given."

2. *Was the Hanover bank entitled to retain the notes under the terms of the agreement of November 27, 1903?*

The material portions of the agreement are as follows:

"For and in consideration of $1 (etc.), the undersigned agree with said bank that all bills of exchange, notes, checks, and the proceeds thereof, and all other securities, money, and property of every kind owned by the undersigned, or either or any of them, or in which they or any or either of them, have any interest, deposited with said bank, or which may hereafter be deposited with said bank, or which may be in any wise in said bank, or under its control, as collateral security for loans or advances already made or hereafter to be made to or for account of the undersigned, by said bank, or otherwise, may be held, collected, and retained by said bank until all liabilities, present or future, of the undersigned, or any or either of them, due or not due, of every kind, to said bank, now or hereafter contracted, shall be paid and fully satisfied."

For the Hanover bank it is contended that although the notes were not in its possession as collateral security for any debt due it, nevertheless, as it had the physical possession of the notes and they were not unlawfully in its hands, it had, under the agreement, the power to make the advance to cover the overdraft, and to attribute, without the consent of the Abilene bank, the notes in question as collateral security for the loan which was made. The construction upon which this proposition is rested gives to the agreement the most latitudinarian meaning, and besides, in effect depends upon considering one or more clauses separately from their context, thereby affixing to them a significance to which they would not be entitled if considered in connection with the text in which they are found. To illustrate: It is said the words which give the power to the Hanover bank to appropriate any securities "deposited with said bank, or which may hereafter be deposited with said bank, or which may be in any wise in said bank, or under its control," are broad enough to embrace securities in the hands of the Hanover bank, without considering how they came into the possession of that bank, or without taking into account whether that bank had any claim whatever aside from the agreement in question, and without considering whether it was under the plain duty to return the securities upon demand, and had no right to require the performance of any act or duty by the Abilene bank in respect thereto.

But this broad interpretation is, we think, unreasonable, since it cannot be assumed, if there be room for implication to the contrary, that the agreement was intended to confer the right upon the Hanover bank to appropriate securities merely because such securities had come into its physical control, and with the obligation to return on demand. We say this because it is manifest that to attribute the broad meaning claimed would be in conflict with the precepts of duty and good faith, and would be destructive of that confidence and fair dealing so essentially necessary in commercial transactions.

In the light of these considerations, we think the language relied upon should not receive the all-embracing meaning sought to be attributed to it, but should be limited so as to cause the same to embrace only property deposited with the Hanover bank, "or which may hereafter be deposited with said bank, or which may be in any wise in said bank, or under its control," under circumstances and conditions which gave to that bank, by operation of law or otherwise, some right to retain such property for a particular purpose.

And irrespective of the meaning which we attribute to the language relied upon, when independently considered, we are of opinion that the want of merit in the construction given to the agreement by the Hanover bank is clearly demonstrated when the context is brought into view. That is to say, we consider that the provision of the agreement to which we have just referred is qualified by the language which follows it, *viz.*, "as collateral security for loans or advances already made or hereafter to be made, to or for account of the undersigned, by said bank, or otherwise." In other words, the provision just quoted, we think, must be considered as limitative in its character, and as controlling, therefore, the previous stipulations, thus confining the right to apply securities in the possession of the Hanover bank to such as had come into its possession or control for the purposes described.

The contention that the words "or otherwise" deprive the provision in question of its limitative effect is, we think, clearly without merit, since that view cannot be upheld without causing the words in question to dominate and destroy the meaning of the agreement as derived from a consideration of all its provisions. Particularly is this the case, as those words are susceptible of a meaning in harmony with the context; that is to say, may be held to give the right to retain securities under the circumstances stated, even although the loan may not have been made directly to the Abilene bank; as, for instance, where the securities belonging to the Abilene bank came into the possession of the Hanover bank as the result of a rediscounting of paper of the Abilene bank. Conclusive as we think are the reasons just stated, they are additionally fortified by the consideration which the lower court so cogently pointed out in the opinion by it announced; that is, that the contract was one prepared by the Hanover bank, and embodied in a printed form in general use by that bank, and therefore should have expressed its purpose beyond doubt, and not ambiguously, if the language in question was intended to convey the far-reaching meaning now sought to be attributed to it.

3. *Was there otherwise a right of retention by the authority or consent of the Abilene bank?*

By its answer, the Hanover bank based its claim of right to retain the notes in question solely upon its general bankers' lien and the written collateral agreement. The letters to the Abilene bank, coupled with the statement of its vice president, make plain the fact that the sole reliance of the Hanover bank in asserting a claim upon the notes was, in reality, the written agreement. Thus, by its communication of January 12, 1905, confirming the telegram advising that the Logan and Hayden notes would not be discounted, the Hanover informed the Abilene that it held the notes as collateral for the indebtedness of the Abilene.

Again, on the 17th of the same month

following the allowance of the overdraft, the New York bank wrote: "As your account showed overdrawn to-day over $3,000, we have made you a temporary loan of $3,500 against collateral in our hands." And the belief of the vice-president, that the Hanover bank was entitled to hold the four notes as collateral, which led to the allowance of the overdraft, is clearly shown by the record to have been induced by the terms of the collateral agreement, which he at the time inspected. It may well be that the check of January 11, 1905, for $3,825.45, was issued in the expectation that it would be paid from the proceeds of the Logan note of $2,000 and the Hayden note of $3,000, forwarded for discount on January 9 and 10. But these and the subsequent notes were not sent to be held as collateral security, but to be discounted.

The Abilene bank had been notified by telegram not only that the Logan and Hayden notes would not be discounted, but that it should either transfer credits from other banks or ship currency. The information plainly conveyed by this notification was that checks drawn upon the faith of the discount of the notes referred to must be protected with funds to be furnished. In reason, the Hanover bank was not entitled to act upon the assumption that that inaction of the Abilene bank was equivalent to a request to pay the drafts as presented, and to hold as collateral the notes which had been sent for discount.

The Hanover bank should, on the contrary, in view of the action of the Abilene bank, have assumed the possibility that funds could not be supplied and that the Abilene bank might therefore be unable to meet its paper and be compelled to cease business. It is apparent that the Hanover bank, in allowing the overdraft, did not act upon the assumption that the possession merely of the notes justified its reliance upon them as a security for the advance. We say this because the record leaves no doubt that the device of a temporary loan in order to secure the payment of the overdraft was resorted to upon the faith of rights supposed to inhere in the written agreement. There is no basis, therefore, for the contention that, from the circumstances of the overdraft and the possession of the notes, a right of retention existed, created by authority or consent of the Abilene bank.

Affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

AGENCY—INVALID CONTRACT OF AGENCY—EXECUTION THEREOF—IMPLIED AGENCY —LIABILITY TO ACCOUNT.

CAMBRIDGE CORPORATION, LTD., VS. SOVEREIGN BANK OF CANADA. (Quebec Reports, 18 King's Bench, 423.)

A corporation acting within its charter powers, that accepts from a bank, money orders to be put in circulation, by sale or otherwise, is bound to account for the proceeds and is liable for any balance remaining after deduction of charges. This liability arises from the bare fact of the acceptance of, and the dealing with, the money orders, and is not affected by any irregularity in, or invalidity of, the contract or agreement under which they took place.

THE Sovereign Bank, now in liquidation, while in business arranged with a number of companies and tradesmen in Montreal to sell money orders, retaining a small commission and accounting to the bank for the proceeds, less their commission. The practice of the bank was to deliver money orders done up in books and to send a messenger once a week to check over the stubs and collect the amount received by the company or merchant. On July 4, 1905, the defendants were alleged to have entered into a contract with the bank to act as their agent in selling these money orders, which contract was signed on behalf of the de

fendants whose manager signed the checks to the order of the bank in respect of the orders issued.

The fifth book of orders was delivered by the bank to the accountant who absconded having appropriated the proceeds of the money orders of this fifth book. The judgment appealed from, held that many of the money orders were issued in compliance with the contract of July 4, 1906, that the aggregate amount of many such orders issued was re-imbursed by the defendants to the bank by checks signed by their manager and the secretary of the company, and that the defendants not having repudiated the contract were supposed to have ratified or adopted it.

(Sir Henri Taschereaum, *C.J.*; Lavergne, Cross, Archambeault and Carroll, *JJ.*): If we eliminate from the case, for the moment, the matter of this alleged contract, as appears to be clear in the first place, that the plaintiff's declaration amounts to an assertion that it delivered money orders to the appellant, to be issued, which money orders the latter did, in fact, issue. There is the further fact that the orders in question are produced in court by the respondent.

In the second place it is clear from the evidence, that the "book," from which the orders in question were taken, was delivered by the respondent to the appellant, just as the other four "books" had previously been delivered, that is to say, it was delivered to the same bookkeeper, and before he had become an absconder.

It follows that the appellant is in the same position as a commission agent would be, to whom goods had been entrusted for sale on consignment. Such an agent would be responsible for the price of what he or his clerks would sell or dispose of. Upon that footing, the appellant has been properly held liable for the amount of the orders in question.

As regards the question of ratification or adoption of the contract of the fourth July, 1906, speaking for myself, I would not go so far as to say that the appellant has adopted or ratified it.

I do not think that the appellant knew anything about this so called contract until after the money orders in question had been issued and, therefore, I do not think that it adopted or ratified it.

At most, however, it was a colorless sort of instrument which did not add materially to the obligations which would arise from the reception of the blank money orders for the purpose of issue.

Nevertheless, and apart from this writing or contract, I would confirm the adjudication made by the judgment, for the reasons above stated, and such is the judgment of the Court.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

PAYMENT OF CHECK STOPPED AFTER ITS RECEIPT BY DRAWEE BANK.

Washington, D. C., Jan. 30, 1910.

Editor Bankers Magazine:

Sir: On November 22, 1909, I received a check for $10 on the Arlington National Bank, of Rosslyn, Virginia. I deposited the check in the National Capital Bank of Washington; they sent it to the Arlington Bank for collection; it was received by that bank on the morning of the 23rd of November, 1909, at 9 o'clock, A. M.; at 9.30, A. M., the drawer of the check appeared at the Arlington Bank and stopped payment. The Arlington Bank returned the check to the National Capital Bank, with the notation "Payment stopped."

The question to be determined is: Did the drawer stop payment in time? or was the check technically paid as soon as received by the Arlington Bank? I would like to have your opinion on this matter.

C. F. Wood.

Answer: The mere fact that a check has been received by the drawee bank through the mail establishes no claim against it in favor of the holder, and the right of the bank to return the

check is undisputed. This is usually done because the drawer's balance is insufficient; but the reason is not important. The bank may return the check for any reason satisfactory to itself, and though the reason be wholly insufficient, and the refusal to pay wrongful, still the bank incurs no liability to the holder, but only to the drawer. Until it accepts or certifies the check, or does some act which is equivalent to payment, it owes no duty to the holder. He has no right to demand that the bank apply the drawer's balance to the check and until this is actually done, he has no claim against the bank. If, in the case stated by our correspondent, the check had been charged up against the drawer, the legal situation would have been different for this would have operated to discharge the bank's indebtedness to the drawer to that extent, and create an indebtedness for a like sum to the holder. But nothing short of an actual application of the balance could have this effect. Until this was done, the depositor had the right to revoke the authority previously given by him.

RAISING A CHECK FORGERY.

CHICAGO, February 2, 1910

Editor Bankers Magazine:

SIR: I should like to ascertain whether there is any difference in the eyes of the law, between "raising" a check and forging a signature to a check. I have recently heard it stated that a more severe penalty was attached to the forging of a signature than to the manipulation of the other part of a document. This was contrary to my previous understanding and I should like to ascertain the facts.

M. L. HAGGERTY.

P. S. Could you also advise the penalty for such cases?

Answer: It is possible that in some States the criminal laws may make such a distinction; but this is certainly not the general rule. In most of the States the alteration of an instrument for the payment of money by increasing the amount thereof, constitutes forgery in the first degree. But in cases of forgery in the first degree, the courts usually have a wide latitude in fixing the term of imprisonment, and it may happen that in certain cases, the raising of a check will be attended with more mitigating circumstances than the forgery of a signature, and hence the sentence might be lighter. The statement made to our correspondent probably had reference to something of this kind.

SAVINGS BANK DEPOSITS IN GERMANY.

SOME striking indications of the German workingmen's prosperity are contained in the Prussian savings bank statistics, a résumé of which is made by Consul-General T. St. John Gaffney of Dresden:

The deposits in the kingdom, which comprises only two-thirds of the empire, totaled $2,393,250,000 at the end of 1908. Deposits during that year were $112,500,000 more than in 1907, and the excess of deposits over withdrawals amounted to $30,000,000. The greatest increase of deposits over withdrawals was registered in the heart of industrial Germany, the Rhine Province and Westphalia contributing $19,750,000 and $15,000,000, respectively.

There are rather more than thirty savings bank accounts to every 100 persons of the population of Prussia, while the total number of accounts have increased twice as fast as the rate of increase of the population. Experts predict that 1910 will bring the total Prussian savings bank deposits to $2,500,000,000.

The amount due to depositors in the British post-office savings bank in 1908 was $803,241,070. The increase in 1908 was only $15.740,685.

FREAK $20 BILL DISCOVERED.

LESLIE W. BURDICK, cashier of the First National Bank, has a freak $20 gold certificate, which evidently escaped the scrutiny of the inspectors at the Bureau of Engraving and Printing at Washington. The bill is of the series of 1906, is numbered 9,128,527 and is printed upside down, the back being reversed from the face.

Mr. Burdick discovered the freak bill while going through the day's cash yesterday, and it is the first one that he has ever seen in his experience as a banker.
—*Syracuse Post-Standard.*

THE MECHANICS AND METALS NATIONAL BANK OF NEW YORK.

THE actual merger and consolidation of the Mechanics National Bank and the National Copper Bank, New York, was consumated on the twenty-ninth day of January, and the business of the consolidated banks is to proceed without interruption at No. 33 Wall street, under the title of the Mechanics and Metals National Bank of New York.

GATES W. McGARRAH
President

As the merger took place on a Saturday, the following Monday, January 31, was the opening day for the new institution.

Of exceeding interest then is the bank's statement of condition for January 31, as reported to the Controller of the Currency, for it represents the results of the first day's operations. The figures are: $104,-676,259; capital, $6,000,000; surplus, $6,000,-000; undivided profits, $1,763,895, and gross deposits of $88,222,964. Included in the latter item are certified checks of $18,736,-280 and $2,868,868 cashiers' checks.

To offset the latter two items the exchanges for the clearing house amount to $25,248,567, so that the net deposits are about $70,000,000. Loans are $44,862,377; bonds, securities, etc.; $7,270,228; cash due from banks and exchanges, $47,544,296.

Those who form the directorate of the Mechanics' and Metals National Bank are: F. Lothrop Ames, Daniel Barnes, James M. Beck, James C. Bishop, Chas. F. Brooker, Thos F. Cole, W. R. Craig, Thomas P. Fowler, Horace E. Garth, Henry Hentz, Thos. H. Hubbard, H. O. Havemeyer, H. H. Hewitt, William A. Jamison, Jas. Jourdan, Clarence H. Kelsey, Andrew A. Knowles, Lowell Lincoln, Adolpn Lewisohn, Gates W. McGarrah, V. Everit Macy, Henry R. Mallory, Edgar L. Marston, S. T. Morgan, Alexander E. Orr, Nicolas F. Palmer, Chas. M. Pratt, William A. Paine, Robert C. Pruyn, Geo. W. Quintard, Anton A. Raven, Percy A. Rockefeller, Henry H. Robers, F. W. Roebling, John D. Ryan, Henry B. Stokes, Charles H. Sabin, George R. Sheldon, R. M. Stuart-Wortley and John T. Willetts.

These men represent a wide diversity of interests, but acting together, their names lend much prestige to the new bank. Al-

most all of the directors were formerly on the boards of the Mechanics National and the National Copper Bank.

Gates W. McGarrah, president of the the Mechanics and Metals National Bank, New York, entered the banking business in 1881 as a clerk in the Goshen National Bank of Goshen, N. Y. He served two years and then came to New York, taking a position as check clerk in the New York Produce Exchange Bank. Possessed of ambition and ability he advanced through the various clerkships to the position of assistant cashier. This was in 1892 and he remained in this position until 1898, when he was chosen cashier of the Leather Manufacturers National Bank. Four years later he was electea president of that institution, and when it was consolidated with the Mechanics National Bank in 1904, he was unanimously chosen as president of the combined banks, a position of responsibility he has filled up to the present. Mr. McGarrah is a director in the following companies: Astor Trust Company, Bankers Trust Company and the Mercantile Trust Company.

Charles Hamilton Sabin, vice-president of the Mechanics' and Metals National Bank of New York City, has spent his whole life in the business of banking. He entered the National Commercial Bank of Albany, N. Y. as a clerk in 1887, became teller of the Park Bank in 1889, and afterwards cashier, serving in that capacity until 1898, when he became cashier of the Albany City National Bank. This bank was sold to the National Commercial Bank in 1902 and Mr. Sabin came back into the first bank he had served and was chosen vice-president and general manager of the National Commercial in its enlarged form. In 1907 he was called to New York by the National Copper Bank and his presidency of that institution has been most successful.

PHOTO BY PIRIE MACDONALD, N. Y.

CHARLES HAMILTON SABIN

Vice-President.

The official staff of the Mechanics and Metals National of New York, in addition to Mr. McGarrah as president and Mr. Sabin as first vice-president, includes Alexander E. Orr, Nicholas F. Palmer, A. A. Knowles and Frank A. Roe, vice-presidents; Walter E. Alberson, cashier; Joseph S. House, Robert U. Graff and John Robinson, assistant cashiers.

INVESTMENTS

Conducted by Franklin Escher.

BOND MARKET OUTLOOK.

DURING the past month there has been a good deal of loose talk concerning the "state of the bond market," talk which has resulted in spreading wide the idea that the market for bonds is in far worse condition that it actually is. Bad bond market conditions are bear ammunition of excellent quality, and by those who have been campaigning for lower prices in the stock market, the chance to paint investment market conditions as black as possible has not been neglected. There has been talk of "undigested securities" and of houses "overloaded with unsaleable bonds." The climax, however, was reached in the claim that the Fisk & Robinson failure was due to the "state of the bond market."

So much unrest and uneasiness has been stirred up by this talk as to bond market conditions that it is worth while to pause and examine into conditions as they actually are. "The bond market," as the term is generally understood, is really constituted of three great divisions, the first consisting of the best grade of bonds, railroad first mortgages, for example, and municipal bonds. The second division includes the whole run of corporation bonds, railroad, industrial and public service, netting between four and one-quarter and five and one-quarter per cent. Lastly, there come the "specialties"—irrigation bonds, timber bonds, water power bonds, etc., and the bonds of new and untried corporations.

The Market for First Class Bonds.

The market for first class bonds is very quiet—there is no denying that fact. But the market is not weak. It is true that there has been little disposition to buy, but then there has also been little disposition to sell. At the time of writing, the whole decline from the top figures reached during the easy money of last year is only a couple of points.

That the market for bonds of this class was able to come through the high money period at the end of last year with as little decline as was seen is, in itself, good testimony as to the underlying strength of the situation. Money rose to fourteen per cent. in January, but the only visible effect on bonds of the best grade was to dry up the demand. The market did not react appreciably; it simply became dull and inactive. On the Exchange, when the market for stocks acts that way the bulls begin to toss their horns and the bears to go into hiding.

Dear money checked the market for the best bonds into its present condition of inactivity and the easing of that condition is bound before long to take off the brakes.

The Market in the Second Class of Bonds.

So far as price movement is concerned, bonds of the second grade have, of course, suffered more than the first mortgage issues, but neither in this division of the market nor in any other has any decline taken place which can be counted as more than a right and natural reaction from the prices reached during the financial exuberance of last year. At that time investors bought any kind of a bond that had a speculative prospect and in many cases ran prices up by their buying to a point well above intrinsic value. Instances were common of bonds, good enough but of a semi-

speculative character, marked up to a price level usually attained by securities of only the very best class.

The reaction which has carried prices back to where they really belong is very far from being an unmitigated evil. It has left a good many bond houses and dealers "hung up" with bonds for which they paid higher prices, but has put an end to what threatened to become a period of price inflation.

In this division of the market, activity, while not what the dealers would like to see it, is by no means at so extremely low an ebb. The high money period with which the year opened did, it is true, frighten away investors, and since then the development of political trouble has further tended to check investment, but even at that a good many houses have been doing a very fair business in railroad and public service bonds netting the buyer around four and three-quarter.

The Market in the Third Class of Bonds.

To get an idea of the true condition of things in the market for the "specialties"—irrigation, water power, timber issues and the like—it is only necessary to note the extensive advertising being done in newspapers and periodicals. It is only during times of great public interest in any kind of security that they are advertised as these are being advertised. The public is interested in these "specialties" and is buying them so largely that the market in them is a broad and active one.

As a matter of fact the activity in this particular branch of the bond market is largely responsible for the condition of apathy prevailing in some of the others. A great deal of investment money which formerly went into public service and corporation bonds is now being diverted to these irrigation issues; the yield is higher and in many cases the security is excellent.

Coming down to the bonds of new and untried enterprises, which with the "specialties" make up the third great division of the bond market, we find the one weak spot in the situation. It is true that during last year and the year before there were issued great quantities of bonds for new enterprises yet to prove their worth, which bonds are in many cases quite unsalable at the present time. A good many houses have these bonds, cannot sell them, and since the recent big bond-house failure are having trouble enough borrowing on them. This is the true situation—one that has in it the elements of trouble, and so has been seized upon and distorted and exaggerated and made to appear infinitely worse than it actually is.

For while it is true that there are a number of houses carrying along bonds of which they wish they were rid, it is nevertheless true also that in neither individual cases nor in the aggregate can the amount be said to be large. Here and there a house took on a pretty substantial amount of some new security and has been unable to work off the bonds, but as a general thing the new securities were pretty well divided up among the dealers. For them it is anything but pleasant to have to lug along these bonds until the investment demand improves, but in few cases is there any danger of the load proving too heavy. There *are* "undigested securities" in the market, but their amount is not great, and until the situation clears, they can easily enough be carried along.

The Clearing Situation.

And by the liquidation which has been going on in the markets a long step toward the clearing of the situation has been made. Through this liquidation, a money position which threatened at any moment to break out into an acute repetition of former "stringencies" has been metamorphosed into a position as strong as has been seen at this season in a long time. As yet the bond market has been little affected—political uncertainty has continued the check upon the returning tendency toward investment. But before long the easing of the money market is bound to exert its usual effect.

The present position is sound, and the outlook for returning activity in the bond market is excellent.

POPULAR BONDS—VI.*

THE NEW MISSOURI PACIFIC CONVERTIBLE FIVES.

WITH the announcement of Missouri Pacific's comprehensive refinancing plan and of the exceedingly strong financial interests whose support George Gould has at last obtained, a new era seems to have dawned for the Missouri Pacific. A new standing, indeed, has been given the property, first, by the fact that a plan has been made whereby its tangled finances are to be straightened out, and, second, by the fact that no less a financial power than Kuhn, Loeb & Co. has undertaken to carry out the plan.

Presentation of the facts regarding the new securities would be incomplete without plain statement of the fact that for several years past Missouri Pacific has been under a cloud. On a five per cent. dividend basis from 1902 to 1907, the management of the property was far inferior to that of other important roads operating in the same territory. Atchison, for instance, in those years was fast forging ahead—Missouri Pacific, on the contrary, was not only failing to make progress, but was going backwards. Nothing like the amount of money was being spent on the road which should have been spent, in order to keep pace with its competitors, and yet the balance available for dividends on the stock was making a consistently unfavorable showing. In the big years 1906 and 1907, for instance, earnings on the stock were only 8.13 per cent. and 9.89 per cent., respectively. In 1908, earnings fell to 3.86 per cent., and the dividend was passed. In 1909 just 1.34 per cent. was earned.

This is past history. It is given to show why there exists in so many minds a strong prejudice against Missouri Pacific. That it is a magnificent property no one doubts, but that it has been (to put it mildly) *weakly* managed is equally plain. Excuses about the strain of the building of the Western Pacific have much in them, but are not what prospective investors want. What they want is results. Missouri Pacific cannot show much in the way of results during the past few years, but all indications now are that the record of the next few years will tell a very different story.

Banking Support for the Goulds.

After George Gould lost his fight to get into Pittsburgh, and was driven back upon his western properties, he began to see the futility of attempting big railroad combinations without big bank-

*The other bonds described in this series, which began in October, are the Southern General 4s, the Armour 4½s, the Denver refunding 5s, the Chesapeake refunding 5s, and the Southern Pacific convertible 4s.

ing support—earlier realization of the fact would have saved him and his associates tens of millions of dollars. In these days a railroad magnate without banking support is about in the position of an army without artillery. And Mr. Gould, with all his wealth, was without banking support.

This was a point made painfully plain during the Pittsburgh episode. Nor did Mr. Gould fail to profit by the lesson. Gradually the scheme for the refinancing of the western properties was worked out. When the time for the announcement came, Mr. Gould was able to announce, also, that the first $30,000,000 of the new bonds had been taken by Kuhn, Loeb & Co. What it cost Mr. Gould, in the way of concession of authority, to make the arrangement, will probably never be known. But in the opinion of the investment world, whatever it cost him, it was the wisest move he ever made in his life.

Security Back of the New Bonds.

The $29,806,000 First and Refunding fifty-year convertible fives which have been issued are part of an issue of $175,000,000 authorized by the stockholders on Jan. 18. According to the plan, all the Missouri Pacific subsidiaries (except the Iron Mountain) are to be consolidated with the parent company so that the new bonds will be a direct mortgage, and eventually a first mortgage on practically the entire mileage (excluding the Iron Mountain) now owned or controlled by the Missouri Pacific Railway Co.

Upon the creation of the mortgage, the bonds will at once be a direct *first* mortgage on 165.23 miles first main track of the aforesaid mileage, and in respect of the remaining mileage will be subject only to $66,293,000 underlying bonds. Of such $66,293,000 underlying bonds, $43,025,000 mature on or before November 1, 1920, after which date the first and refunding mortgage will, as the result of such refunding, be a first mortgage on at least 3,079.46 miles out of the present total mileage of 3,779.24 miles. The first and refunding mortgage will provide that no outstanding underlying bonds may be extended except that any of the bonds now pledged to secure the company's $24,012,000 five per cent. collateral trust bonds, due 1917 and 1920, may be extended to the maturity of said collateral trust bonds.

The mortgage debt of this company upon lines securing the first and refunding mortgage, *after* the issue of the $29,806,000 of first and refunding mortgage bonds including all outstanding underlying bonds, will be at the rate of about $25,500 per mile of main track. The first and refunding mortgage will further be a lien, subject to certain of the outstanding underlying bonds, on the entire equipment, valued at $18,621,297, and on all other railroad property, now owned by the company or by any of the companies whose property is to be conveyed to it as aforesaid, and upon any other property hereafter acquired, and upon any additions, extensions, improvements, etc., acquired

by means of any of the first and refunding mortgage bonds or their proceeds. The mortgage will provide for the proper maintenance of the property and equipment and for the replacement of any of the same destroyed.

Present Earning Power.

As has been pointed out, Missouri Pacific's record of earnings does not make much of a showing, but from present indications earnings will be decidedly better from now on. During the first four months of the present fiscal year the amount earned on the stock was just twice the amount earned on the stock during the whole of the last fiscal year, and with the new order of things making itself felt, the showing for the year's remaining months should be even better.

That a new order of things is in force since the advent of the Kuhn-Loeb banking power into the property goes without saying. Properties with which those interests allow their names to be linked are not run in the way the old Missouri Pacific was run. If George Gould was successful in getting the Kuhn-Loeb interests to stand back of his property and place his new bonds with their own clientèle, it may safely be taken for granted that a very distinct understanding was arrived at as to changes in operating methods which were to be made. A great deal more will be got out of the property from now on.

The Property Itself.

No one familiar with conditions in the Middle West can doubt the fact that Missouri Pacific can be made to show far better earnings than it has ever yet been made to show. Gridironing half a dozen of the richest and most fertile states in the Union, the property has quite exceptional traffic-originating facilities, a circumstance which will from now on count more than ever by reason of the opening up of the Western Pacific, which will provide the much needed outlet to the Coast.

The opening up of the Western Pacific is, indeed, a vital consideration in figuring up the value of the property under discussion. Missouri Pacific owns about forty per cent. of the stock of Denver & Rio Grande, and Denver & Rio Grande owns control of Western Pacific. The opening of the latter line, therefore, makes Missouri Pacific the eastern end of a string of roads running through the heart of the continent from St. Louis to San Francisco. To a grapevine road like Missouri Pacific, which originates much traffic, but is unable itself to get it anywhere, this connection with the Coast is bound to be immensely advantageous. What it will mean principally is that Missouri Pacific, on account of its new connections, will be able to quote rates on westbound through-traffic which will draw to itself much business now controlled by its competitors.

The Convertible Feature.

All of which, indirectly, but no less surely, makes the convertible feature of the bonds a valuable consideration. The bonds mature in 1959; during the period between 1912 and 1932 they are convertible into the stock, dollar for dollar. Of not much interest at the present time, when the stock is paying no dividend and selling down near seventy, this conversion privilege may become of the utmost importance later on. It is, in the opinion of a great many people who have studied the property and who believe in its future, the thing which distinguishes this issue of bonds from many others and makes these securities

particularly desirable as a long-term investment.

Looked at broadly, these Missouri Pacific fives seem to be bonds which, while reasonably safe at present, have a most excellent chance of future appreciation. Considering them as a bond, they can be had to yield a high rate of income, with the security behind them becoming better and better as the time approaches when the bonds coming ahead of them fall due. Considering them from the standpoint of their convertibility into stock, it appears that if present promise regarding Missouri Pacific's future is fulfilled, they may within a few years be convertible into a security which may be selling well above par.

Such bonds rightly make their appeal to those with surplus money to invest. They are not the kind of a bond for a person dependent upon the income from a small principal, but, on the other hand, for the business man willing to invest his surplus in a business proposition, they offer a great opportunity. The man who buys these Missouri Pacific convertibles now not only makes the company a well-secured loan for which he gets a high rate of interest, but buys a partnership in a business whose prospects are excellent.

BANKS AS INVESTORS.

By John R. Hall, Manager Bond Dept., Crawford, Dyer & Cannon.

EVERY bank is organized at the demand of, and for the purpose of facilitating local trade operations. Its organization is entirely a response to local trade needs. The capital is subscribed by men of means in the immediate community. The deposits which it acquires are contributed by local interests. The field for investment is at first almost entirely limited to the local demands for new capital with which to carry on and develop business operations, and it is generally some time before the managers of the bank can determine whether or not they have completely satisfied these demands. When this has been done, and assuming that a surplus investment fund remains, then is the time when it is necessary for banks to look to the outside for the investment of funds that cannot be used locally.

It will be seen that the entire resources of the bank are furnished by local interests. The responsibility of a bank to return cash on demand whenever depositors may desire it, is a local responsibility. This must be met promptly, and if it can be done without disturbing local loans, the bank has accomplished its purpose most satisfactorily. If it cannot be done easily, and without disturbing the loans of local borrowers, then the bank has failed to accomplish the end for which it was organized. Local depositors must be satisfied and the relation of local borrowers to a community in general, and to the bank in particular, gives them the right to expect protection and accommodation in preference to any other class of borrowers in which the bank may be interested.

We will say, then, that inasmuch as

every bank is essentially a local institution, whenever it makes investments in fields outside of its immediate neighborhood, it owes it to depositors, and to its local borrowers to consider these investments as of a temporary nature, intended, for the time being, to employ funds that might otherwise be idle. The community has a right to expect that when a bank goes to an outside field for profitable investment, it will employ its funds in such form that they may be called in to meet local conditions by producing new banking power.

Investments Outside of the Community.

Whenever a bank makes investments in the local field, it is prompted by considerations of conservatism and good business. It is so closely in touch with the affairs of local borrowers, that it is safe to say that very little loss occurs on account of advances made to them. As to whether loaning this person or that, is good business or not, the banker himself is best prepared to judge.

The banking business does not differ from other stable businesses in the responsibility it has of promptly meeting the demands for which it is organized to provide. It is a mistake to believe. that it does. As plainly as can be, the bank has its duty, first of all to satisfy to the full extent of its resources, every legitimate demand of whatsoever nature arising in its local community. If in fulfilling this first duty, the bank is unable to use all of its loanable funds, then and then only, has it a right to enter into other fields of investment. Nevertheless in entering these fields, the relation which the bank bears to the local public is still present, and any investments which it makes must be made with the idea that they can be immediately called back in cash when needed.

Local Fields of Investment.

The bank is called upon to satisfy local demands for money of every conceivable character. The most important classes of loans, however, are included in discounts, time and demand collateral loans, and if allowed by law, loans on mortgages.

Local discounts satisfv the needs of those who are actively engaged in business, and who require temporary assistance in financing their operations. Demand collateral loans serve another class of people. Accommodations of this kind are generally requested by those who desire to extend their own operations to other fields. When making such loans, the bank obtains collateral security of a market value in excess of the amount of the loan, and is thus amply protected. Time collateral loans are drawn so that they fall due at some future date, generally not more than a year off. They are secured in the same way as the demand collateral loans and may be said to serve but a slightly different class of borrowers. Loans on mortgages covering real estate, etc., satisfy still another distinct need in the community, and are taken advantage of by those who wish to improve their property, or by the working class who desire to make a start toward owning their own homes.

Surplus Capital.

When considering the nature of local loans of the above classes, we must necessarily reach a conclusion that should have a very important influence in molding the attitude which a banker takes towards outside investments. In the first place, local discounts are a necessary part of the banking business, and while as we have stated before,

they constitute the most liquid asset a bank possesses among its local investments, still whenever there is a depressed period or an unusual trade demand, for one reason or another, the inevitable result is that those who borrow through discounts want an extension of existing accommodations, and often additional amounts of money. This state of affairs has been brought home to bankers so many times that it is unnecessary to emphasize the fact that local discounts, however they may be drawn, are in truth only liquid assets in normal times.

As to demand collateral loans, we may say that a bank is almost compelled to refrain from calling them even in normal times. The proceeds obtained from them have been used more or less as permanent capital by the borrower, and cannot be readily returned to the bank in cash.

Time collateral loans likewise must be treated with the same leniency as demand collateral loans, and in most cases must be extended when they become due. The long time feature of loans on mortgages and the very nature and purpose of the loans themselves put them in a class where extensions are often required, and they cannot be considered liquid assets even if they should fall due in times of depression. Loans of this character and other time loans are practically of no use to the bank in procuring additional banking power. It would seem that the capital supplied by the bank to the local community takes on largely the nature of more or less permanent loans, made for the purpose of enabling local interests simply to maintain and continue business. Every banker finds that it is a very hard thing to call such loans for payment. If in bad times payment of discounts is demanded by the banks, it means that the customer may have to curtail business operations at a time when it is impossible to do so, and failure is the probable result. If the demand collateral loans are called, the bank is very likely to find itself loaded with securities which have considerable intrinsic value, but which do not possess marketable value that will allow their being sold to the advantage of the bank. The same condition occurs if the bank insists on payment of time collateral loans when they mature.

Inasmuch as the bank is called upon in troubulous times, not only to continue existing accommodations, but to supply additional capital to a large part of its community, it would seem that it were almost suicidal to compel the payment of certain local loans in order to secure funds to loan to certain other interests in the same place. The question which emphasizes itself upon our minds more than any other, is one that has to do with the way that the bank has directed the investment of its surplus loanable capital.

"What assets among the resources of the bank can be immediately turned into cash in order that new banking power may be secured to cope with local conditions"? Sooner or later every banker finds that this question must be an-

swered, and if outside investments have been made that are useless at such times, he learns then how small is the value of an unmarketable high interest bearing investment when compared with the steady well known salable securities that do not net so much interest, but that are reliable bank assets.

Bond Investments.

In many instances, banks as bond buyers have indulged some fallacious ideas in regard to the purpose and the possible usefulness of bond investments. The greatest difficulty is that a bank believes that it should secure the same rate of interest on all of the bonds which it purchases as that obtainable from investments made locally. It is not possible to do so and at the same time do good banking, except under very exceptional circumstances. High-grade investment bonds which have a wide market under all conditions, and which are subject to the least fluctuations in price, combine so many qualities that cannot be found in any other class of investments, that the demand for them is very large, and consequently the net return on the investment is likely to be a moderate one, generally ranging from 4 to 4½ per cent.

Up to a certain point, whatever funds a bank places in commercial paper or bonds, should be placed with the sole purpose of creating an asset that is readily available for increasing banking power, by maturity, rediscount, or by immediate sale. The point that has been urged all through this article has been that a bank before all other duties, owes every bit of its service to the local community from which it secures its resources, and that no construction put on the responsibilities of the banking business will allow this one to be disregarded for a moment. There are banks buying bonds yielding from 5 to 6 per cent, which absolutely have no market value whatever. Without criticism as to the safety of these bonds, we believe that a mistake is being made when a bank invests all of its surplus funds in bonds that serve no useful purpose in relation to the home business of the bank. During the panic there were many banks that were in a very pitiable condition, due entirely to the fact that all of their surplus had been devoted to bond investments that yielded large returns of interest, and from that standpoint were attractive, but the moment the bank tried to sell them, they found no market. When they applied to correspondents for loans, with these bonds as collateral, the very fact that they were unmarketable, influenced these correspondents to refuse any advances on them.

The bank which secures the steadiest high-grade bonds that possess a ready market, and is satisfied with a rate of interest ranging from 4 to 4½ per cent., not only holds itself in constant preparation to increase its banking power by the sale of these bonds, or by readily securing advances on them from correspondents, but that year in and year out, its actual profits exceed those of other banks that pursue a less conservative and less far-sighted policy. The opportunities which are lost for making new customers, and for gaining the prestige that comes from taking care of old customers under all conditions, is a high price to pay for an advantage of 1 per cent. in interest that comes from making investments in bonds, that are not liquid in any sense of the word.

DIVERSITY IN INVESTMENT.

THE maxim about "putting all your eggs in one basket and then everlastingly watching that basket" is all very well for the man who is in a position to watch the basket, but for the average investor is a pretty risky principle on which to go. Investment nowadays is coming to be a science, and one of its principles which is coming to be more and more clearly defined is that of diversification. For a man who has a good business, knows all about it, and sees a chance largely to increase profits by using more capital, it may be all very well to put every dollar he can get into that business, but for the average man with surplus money to invest, it is a far safer plan to divide his investment and to divide it thoroughly—not only by buying bonds of different companies, but bonds of different kinds.

An estate of about $100,000 with the details of the settling of which the writer happens to be familiar, was recently invested in exactly thirty different issues of bonds, all steam railroad mortgages. That operation aimed at a purpose it only partially accomplished. It was diversity that the executors sought. What they got was a needless lot of trouble and not nearly as much diversity as could have been had by buying the bonds in lots of say, ten, and dividing them up among municipal, first mortgage railroad, public service corporation issues, etc.

It makes not the slightest difference how small the amount to be invested is, a twenty thousand dollar fund should no more be put into bonds all of one kind than a fund amounting to several hundred thousand dollars. Whatever the size of the fund to be invested, the principle remains exactly the same—an income derived from several different issues of several different kinds is a great deal surer and safer than an income dependent upon the continued success or value of just one enterprise.

AN AUTHORITATIVE DESCRIPTION OF IRRIGATION.

ONE of the clearest and best discussions of a subject which is attracting widespread attention at the present time has reached us in the form of an article coming from the office of Messrs. Edward B. Smith & Co., of New York and Philadelphia. The subject of irrigation bonds and the reclamation of waste lands is treated as follows:

Farming by irrigation, by which is meant the application of moisture to land by artificial means, is the oldest method of cultivation of which there is record. In the valleys of the Eu-

phrates and the Nile, irrigation flourished in the days of the early Persians, Assyrians and Egyptians as at no other time in the world's history. Millions of people were sustained on a comparatively small area, where they could not have existed at that time except under a system of intensive cultivation and certainty of yield.

Since 1894, about 2,000,000 acres of land in the various States have been reclaimed under the provisions of the Carey Act, and for the financing of these projects there have been authorized, issued and sold to investors, approximately, $20,000,000 of bonds.

In addition to the vast sums spent and being spent by the Government, and the millions expended under the Carey Act, many millions of capital have been invested in irrigation by individuals and corporations, and the far Western States are rapidly being gridironed with irrigation canals to an extent that constitutes one of the most remarkable developments of the present day.

The soils richest in those mineral salts which stimulate vegetation are found in the arid regions, where the rainfall is so light and infrequent that these salts, so readily soluble in water, have not been dissolved and washed away by the rains, but have accumulated and have been retained in the soil. The application of moisture to such soil makes it the most fertile in the world; and when this application is made by scientific irrigation, the life-giving salts are not washed away, but are redeposited in the soil, which retains its fertility indefinitely. This is one feature in which irrigation is superior to rainfall. In fact, in any comparison between the advantages of natural and artificial watering, nature's method wiuld seem to possess no advantages, while irrigation has them all. In irrigation, the amount of moisture is always adequate, the supply is always under the control of the farmer, and there is a practical certainty of yield year after year, because the farmer applies the water to the land just where and when he wants it; so that under the system of intensive cultivation the tendency is to smaller acreage and better classes of farming. The farmer has only to apply the water to the soil, and the sunshine does the rest.

The results obtained in existing irrigation districts have proven the value of artificial watering as to *certainty* of crops, and have also demonstrated that the intelligent application of water develops the highest known *quality* of the various grains and fruits. The yield and size of the apples, beets, potatoes and other agricultural products grown on irrigated lands in the West are much larger than those ever obtained under the old conditions, and prices are correspondingly higher. In the irrigation districts, haying and harvesting are not hurried or delayed by unfavorable weather, and under irrigation the same soil will actually produce more than if the same amount of moisture were supplied by rainfall, because the plant grows mainly through sunshine, and there are practically no rainy or cloudy days to retard its development; so that the farmer is no longer at the mercy of the elements.

In order to finance the construction of all the above mentioned Irrigation Works (apart from the funds supplied by the Government), bonds have been issued of three general classes:

Irrigation District Bonds.

These are of a quasi-municipal character, an Irrigation District being

formed and a tax levied on all land within the district sufficient to pay the interest and sinking fund on the bonds.

Carey Act Bonds.

These are generally issued by Construction Companies, and are secured by a lien upon the land set apart for the use of the Company; also by the individual contracts for water between the Irrigation Company and the farmers. The companv is permitted to levy an annual assessment for repairs and maintenance against the land and water rights. All payments for water rights are deposited with the Trustee, and these contracts and payments form part of the collateral security for the company's bonds. The bonds have a lien upon the moneys and notes deposited with the Trustee by purchasers of water rights, in the proportion of 125 per cent. to each 100 per cent. of bonds outstanding, the moneys and notes so deposited to be used only for the payment of the bonds and the interest thereon.

Irrigation Bonds of Private Corporations.

Bonds of Irrigation Companies have been issued in various forms, but in general they are simply a real estate first mortgage secured upon the lands, water rights, dams, reservoirs, canals, laterals and the irrigation system in general, described in the mortgage. All of the property owned by the company is conveyed to the Trustee subject to the provisions of the mortgage. As additional security, there are deposited with the Trustee all the notes, water contracts or mortgages acquired in consideration of the sale of water rights or lands, together with such liens as the company may acquire upon lands belonging to third parties to whom it may furnish water under contract.

When a sale of land or water rights is made, the settler makes a cash payment of from 10 to 20 per cent. of the total selling price, notes or contracts for deferred payments being given for the balance and assigned to the Trustee. From 20 to 30 per cent. of all cash received is turned over to the Irrigation Company, and the balance is placed in a Sinking Fund to be applied to the redemption of the bonds. The moneys paid into the Sinking Fund are invested from time to time by the Trustee in the company's bonds at not exceeding the price at which they can be redeemed. The bonds are then canceled. Through the operation of the Sinking Fund, the total issue is being steadily reduced while the value of the land is being constantly increased through cultivation.

The interest on the bonds and the cost of maintaining the irrigation works are provided by the annual water rentals paid by the farmers, which rentals are usually from $1.50 to $2.00 per acre. Additional income is received by the company from renting out as pasture land such portions of the property as have not yet been irrigated, and from a fractional interest in the farmer's crops.

That the farmer in an irrigation dis-

trict is always in a better position to pay his bills than the farmer who is dependent upon rainfall, is clearly indicated by Government statistics, which show that from 1901 to 1909, the average value of crops produced in irrigation districts was $19.79 per acre, against an average value of $9.07 per acre in districts dependent upon rainfall. Assuming the cost of water rights as $1.75 per acre, it will be seen that there is a difference of about 100 per cent. in favor of irrigation.

In all classes of irrigation securities, the important points to be considered are as follows:

Quantity of water available, and the rights securing it.
Character and fertility of the soil.
Location and elevation of the land.
Character of the crops.
Transportation facilities and markets.

The success of an irrigation enterprise and the value of its securities depend upon the prices which can be obtained for the land and water rights and the extent of the demand. The price which can be paid for water in irrigation depends upon the value of the crops grown. This is influenced by the factors enumerated above, and a short discussion of each is therefore in order:

Quantity of Water Available, and the Rights Securing It. In the Irrigation Districts, land without water is practically valueless, so that the value of the lands of an Irrigation Company may increase from 500 per cent. to 2,000 per cent. as soon as water is available. The State keeps a careful record of water rights, so that it is possible to be assured that the company really owns the rights which it claims. Government records state the flow of practically all Western streams, so that it is possible to be sure that sufficient water is available to irrigate the company's land property. A dam is built across the stream, and the water diverted into a canal through which it runs by gravity to the various reservoirs, in which the water is stored during the flood seasons and from which it is distributed through laterals during the irrigation season. The flow of water from the canals through the laterals is absolutely controlled by small gates. From one to four irrigations are necessary during the growing season. The construction of Irrigation Works is an exact science, so that it is possible to obtain the opinion of eminent American engineers as to proper construction.

Character and Fertility of the Soil. While land in the irrigated district may be rich loam or volcanic ash, it is almost an invariable rule that the soil of the arid lands is more fertile than that of the so-called humid lands. This is because arid soils are rich in mineral ingredients; the soluble salts not having been washed out by the rain. Generally, the soil remains of the same quality to a considerable depth, and plant roots penetrate more deeply than in the East.

Location and Elevation of the Land. It is important that the land to be irrigated should be close to the source of water supply, because, if the distance is great, the cost of constructing the Irrigation Works will be correspondingly large, and the company's bonded debt and fixed charges per acre may increase to a point which will require a higher annual water rent than the farmer would willingly pay.

The question of altitude is important, because it regulates to a considerable extent the kind of crops that can be raised on the land.

Character of the Crops. The kind

of crops grown, naturally, depends upon the location of the land; but a regular rotation of crops is customary, including alfalfa, sugar beets, potatoes, wheat, oats, barley and fruits. Alfalfa is a very popular crop because it aids in fertilizing the soil, and sells at good prices. It may be said that an irrigated soil is a necessity for the successful cultivation of sugar beets, for, when ripening, it is essential that water be kept from them in order that the saccharine matter may be stored in the beet. Under irrigation, the water is admitted at just the proper stage of development and the success of the crop is assured.

Transportation Facilities and Markets. Naturally, the question of facilities for getting the crops to market and the demand for the crops are of prime importance. Not only should an irrigation company have good railroad facilities, but there should be within easy reach a good market for the sale of the products which the farmers raise In other words, it is of the highest importance that the Irrigation Company's land should be near a large, diversified cash market, where all crops and supplies may be turned into money as fast as they mature. It follows, therefore, that the company having lands near a large city has a great advantage over companies at a distance, because intensive farming may be practiced and high-grade crops grown for sale in the city. "Intensive farming" means the raising of a high-priced crop upon a comparatively small area of land, as against the raising of a low-priced crop on a large area of ground.

Irrigation securities are becoming increasingly popular, not only because of the high income return to the investor, but also because they are, in fact, real estate mortgages and are based on agriculture in districts where crop failures are almost unknown.

THE BUSINESS MAN'S SURPLUS.

I.—RAILROAD BONDS.

By Franklin Escher.

IT has been truly said that it is far easier to make money than to keep it. "I have a little money—what shall I do with it?"—that is a question continually coming up before every man who is not living up to the full amount of his income. "There are so many different kinds of investments—if I were only posted on them I'd know better into which kind I ought to put my money."

It is for the purpose of supplying the information that this series is designed. Not for the purpose of showing that one kind of an investment is better than another kind, but rather for the purpose of presenting the important facts in connection with each. Not for the purpose of expressing editorial opinion on the relative merit of different classes of stocks and bonds, but rather in order to put before the investor the facts of the case so that he can judge for himself.

Railroad bonds constitute the most important medium of investment—may be called, in fact, the basis of the investment of all surplus funds. In this country there are far more railroad bonds than any other kind of security, and a far greater number of people are interested in them than in any other kind of security. It is to a discussion of railroad bonds, therefore, that the first article in this series will be devoted.

Existing issues of railroad bonds are a perfectly natural result of the development of the American railway. First came the construction period, the time when new railroads were being broken through new territory, when risks were great and when capital to further such enterprise was obtainable only upon hide-bound, rock-bottomed first mortgage. The Great Northern or the Union Pacific, for instance, wanted to extend their lines in some new direction, the question of financing was not one of issuing stock or debentures or anything else, except an absolute first mortgage upon the new line. The proposition came up of building a new road—a first mortgage issue was the only kind of bond which investors could be got to consider.

The construction stage having been passed and their first mortgage bonds having "made good" and risen to high prices, the railroads found it possible to finance development work with sales of bonds good enough, but by no means measuring up to the quality of the old underlying first mortgage issues. Consolidation, too, began to take place, giving rise to the issue of consolidated mortgages covering several roads in one system. Under all such additional mortgages lay the old "firsts," now in many cases consisting of a very small closed first lien or a very big, valuable property. A railroad, for instance, with a first mortgage on its main line limited to $10,000,000 might have grown until the actual and recognized value of its property amounted to three or four times that sum. Naturally, it would be possible for the railroad to issue second mortgages and general mortgages and all kinds of other mortgages, and still be able to sell the bonds to investors at very fair prices.

Finally there came a time when the railroads, waxed fat from their long period of prosperity, found themselves in a position where they were able to raise new capital by the sale of bonds having no security back of them, whatever, but the roads' good faith and demonstrated earning power. Debentures (nothing more nor less than long term promissory notes), convertible bonds, income bonds—all these forms of obligation began to be issued and to find a ready sale, at far lower prices than the old underlying first mortgage issues, but at prices, nevertheless, making it decidedly advantageous for the railroads to put them out. The railroads willingly issued them—investors eagerly bought them. The result was a big increase in the number and kinds of railroad bonds offering in the open market.

General Characteristics.

Before passing on to discussion of these various classes of railroad bonds, several characteristics they all have in common may well be noted. Practically all standard railroad bonds have in the first place, the virtue of quick

convertibility into cash—there is almost always a ready market in which they can be sold at a fair price, which latter consideration makes the banks willing to lend on them. For rightly or wrongly, in their estimate of collateral, most banks go on the principle that it is ready salability rather than intrinsic merit which counts.

Another general characteristic is that the interest on railroad bonds is much easier to collect than, say, the interest on a real estate mortgage. Bonds can be "registered" in the name of the owner, in which case the railroad company sends out interest checks at the end of each half year, exactly as dividends are paid. Or bonds can be had with "coupons" attached, in which case each coupon is really a little draft on the railroad, coming due each six months. In no case is trere any question of trouble in collecting or enforcing payment of interest. Railroads fail and default on their bonds at times like other corporations, but railroad failures are coming to be rare occurrences and most of the time the investor who owns coupon or registered bonds has an easy time collecting his money. It is not without reason that "clipping coupons" has come to be regarded as just about the easiest and pleasantest work man can do.

First Mortgage Railroad Bonds.

For the man whose primary object is to put his money where neither moths can corrupt nor thieves break through and steal, and with whom the amount of income is a secondary consideration, the first mortgage bond is an ideal investment. What is there about an ideal investment, indeed, which bonds of this class do not possess? Issued, usually, to an amount representing only a trifling proportion of the property's real value, first mortgage bonds represent the maximum of security—in the case of roads like Union Pacific or Pennsylvania, indeed the interest on the first mortgage bonds is earned many times over. Should there by any chance be a default, the sale of the property would be certain to bring an amount very much more than sufficient to cover the first mortgage and enable the bondholders to get back every dollar. There are first mortgage bonds to be had in which this is not the case, but of all issues this is the kind whose security it is the easiest to investigate.

Regarding convertibility into cash, it can be said at once that monetary conditions are such in this country that any absolutely safe bond has at all times a ready market. Banks want bonds of this class, capitalists want them, individuals want them—want them so much, in fact, that the best four per cent. issues normally sell up around 105 at which price they yield the purchaser only about three and three-quarters per cent. At all times, there are buyers in the market, a fact so well recognized that, when loaning money on bonds of this kind as collateral, the banks are very generally willing to lend up to within a few points of the quoted market price.

As an offset to these advantages, however, or rather, on account of them, good first mortgage bonds sell at a price at which they yield the purchaser only a moderate income, less than four per cent., usually. And right here it

may be well to stop and look into this matter of "yield," this question of why it is that a four per cent. bond selling, say, at 104 and maturing in four years, yields the buyer considerably less than four per cent, while the same bond selling at 96 yields considerably more.

The point is that upon maturity, a bond is paid off at 100, and so that as the maturity of a bond approaches, its market price tends toward 100. Whether the bond sells at eighty or at 120 makes no difference—bond men allow for the fact that as the bonds come due their price automatically works toward par. Take the case of the bond mentioned, selling at ninety-six and due in four years. At the end of that time the market price of the bond will have risen to 100, so that in four years the owner of the bond will have made four per cent. on his principal, aside from the interest he gets. That bond would, roughly, have netted the buyer four per cent. in interest every year, and one per cent. through increase of capital, making a total annual net yield of five per cent. In case the bond, four years before its maturity, was selling not at ninety-six but at 104, instead of a one per cent. appreciation of capital added to interest, there would have to be reckoned a one per cent. depreciation. In the four years before maturity, the bond would have to depreciate four per cent. in value to bring it back to par, which would mean a loss to the holder of about one per cent. each year. The net yield in that case would be four per cent. in interest, less one per cent. in capital depreciation, a net yield of only about three per cent.

This is what is meant by the "basis" on which bonds sell. A four per cent. bond selling at ninety-six and due in four years would be selling on about a "five per cent. basis." If anyone bought the bond at ninety-six and held it to maturity, he would be getting about five per cent. on his money for each of the four years.

Second Grade Railroad Bonds.

By the second-grade of railroad bonds are meant that great body of railroad securities which come between the first mortgage issues and the highly speculative "blanket mortgage" bonds. Not in the same class as the absolutely safe "firsts" and yet, far above the speculative bonds which fluctuate with the rapidity of stocks this second class of bonds nevertheless presents many opportunities for conservative and profitable investment.

In an article of this kind it is of course impossible to go into all the various kinds of bonds going to make up this great second class—the bonds which sell on a basis to net the buyer anywhere from four and one-quarter to four and three-quarters per cent. Some of the more important with their chief characteristics are as follows

Second Mortgage Bonds.—Bonds which as their name implies, come after a first mortgage. As a rule, such bonds were issued when the property had had great natural growth so that its value had come largely to exceed the amount

of the original first mortgage. There are a good many bonds of this kind still left in the market, but they are seldom issued nowadays—they have given way almost entirely to more modern forms of financing, consolidated mortgage bonds, debentures, and the like.

General Mortgage Bonds.—Securities issued under a mortgage usually covering a large property the constituent parts of which are already under lien. In the event of foreclosure and sale of the property, the bondholders under the prior liens would first have to be paid off, the bonds issued under the general mortgage having a claim against what was left after the others had been satisfied. Where the prior liens are small and the bonds issued under them nearing their maturity, a general mortgage is in the position where before long it will itself become a first and only mortgage.

Debenture Bonds. Long-term promissory notes pure and simple—behind debenture bonds there is no security of any kind. How good the credit of a road must be before its debentures become salable is apparent. Their value as investments is purely a matter of earnings. Roads like Lake Shore or St. Paul, which have paid big dividends for years are regarded as so sure of their earning power that investors buy their debentures exactly as they would their mortgage bonds, and pay almost as much for them. A road like Erie or like Southern Railway, on the other hand, could not possibly issue debenture bonds.

Collateral Trust Bonds. Issued, usually, by one road for the purpose of raising money with which to buy stock in another road. Atlantic Coast Line, for instance, wishing to acquire control of Louisville & Nashville, bought control of the Louisville and then issued its own collateral trust bonds to reimburse itself for the money spent. As security for the bonds, there was deposited, the Louisville stock purchased. Collateral trust bonds are thus bonds secured by stock collateral. Should they default, the bondholders get the stock by which they are secured and can sell it to make themselves paid.

These are some of the more important kinds of the great second class of bonds. Their character, it can be seen from the description given, varies widely—all the way, in fact, from the general mortgage bonds which are often in the savings bank class to the collateral trust issues which are often no better a security than the stock collateral which secures them. No hard and fast rules can be given; each issue must be taken and studied individually. With a collateral trust bond, for example, the great question is as to the earning power of the stock which has been deposited as security. With a debenture, on the other hand, the first consideration is as to the earning power of the whole system, and as to how much over its fixed charges it has earned during a long series of years. With a general mortgage bond, the great point is naturally as to the aggregate of prior liens and as to their maturity. Many a general mortgage bond is yearly becoming a safer and better investment security by reason of the running to maturity of prior liens. They come due and are paid off and are out of the way. And by so much has the security of the general mortgage been strengthened.

THIRD GRADE RAILROAD BONDS.

Included in this class, there are a good many issues which are safe enough and which will some day rank very much better than they do now, but it can only be said that in approaching this class of bond with the idea of making an investment, the investor can hardly display too much caution. With stricter Federal supervision over the railroads' security-issuing power, the investor will be less exposed than at present, but what has been done, has been done, and a great number of securities have been put out which should never have been offered to investors. Like any other bargain counter, the one over which cheap bonds are sold is likely to have on it other things but bargains.

Thorough knowledge of a road's affairs and finances is the only possible ground on which the investor who is an investor and not a speculator, is justified in buying securities of this kind. A man has made a study of such-and-such a property—he knows all about it—he has watched the market movement of its securities—he realizes the road's prospects. Such a man goes in and buys some of the company's blanket mortgage fours, selling at seventy; he is taking a certain amount of risk, but it is a business man's risk, not a gamble. He is acting intelligently. If his judgment is good he will get not only a high rate of interest on his money, but a decided appreciation of principal as well.

All sorts of bonds go in this class—the back-breaking issues loaded on top of properties already staggering along under a bonded indebtedness bigger than they can carry, the huge issues authorized by roads who might better be employing their time trying to squeeze a little of the water out of their securities already afloat, and others too numerous to mention. The bond of a new and untried enterprise is different, but where in good times the market's appraisal of a four per cent. railroad bond is down around seventy-five, the investor will do well to exercise the greatest caution. There are four per cent. bonds selling down at seventy-five which some day will be selling at ninety-five and 105, but alongside of them there are bonds which by that time will long have been in the limbo of dead securities.

The bond market is full of shrewd buyers, of students of values, men who know what securities are actually worth. The market appraisal of the value of a bond is apt to be a very fair measure of its value. According as the income offered by a railroad bond investment increases, therefore, the investor will do well to increase the amount of caution he uses in making the purchase.

ODD LOTS.

A GOOD deal has been said in this magazine lately about the growing importance of purchases on the Exchange of stocks in blocks of less than 100 shares—it is a subject, indeed, to which the thoughtful investor will give close attention. There has always been done on the Exchange a considerable volume of business in "odd lots," as they are improperly called, but it is only in the last few years that a number of important houses have specialized in them and educated their clientele up to the wisdom of dealing in them.

There is probably no place in the world where purse-pride is more commonly displayed than in Wall Street.

Of its many concomitant evils "over-trading" is about the most conspicuous. The man with a thousand dollars and an idea that some particular stock is "cheap" must buy his 100 shares on a ten-point margin—for him to buy 10 shares outright would never do—would in fact, reduce him to the "piker" class. If he is a man of any sense or judgment, he probably has a lurking idea that it would be a whole lot safer to buy the 10 shares outright than the 100 shares on margin, but gain and not safety is what he is after, and the probable jibes of his fellows when he tells them that he has bought 10 shares, makes him determine to take on the larger amount. A great many houses, in fact, make a big difference between the way they treat the man who comes in with $750 and says he wants to buy 10 Steel outright and the man who tells them to "go ahead and buy a hundred." One is an investor, it is true, but probably a "setter"—a man whose commissions will never make anybody rich. The other's transactions mean $25 to the firm every time he buys and sells a hundred shares.

The spread of the doctrine odd-lots—the popularizing of the idea that there is nothing disgraceful in buying less than 100 shares—is doing a great deal to correct the evil of overtrading. And overtrading as every Wall Street man of experience well knows, is the cause of more trouble than any other one thing. Get people trading in the amount of stock to which their means legitimately entitle them to trade, and a long step will be taken toward making Wall Street a safer place than it now is.

INVESTMENT NEWS AND NOTES.

—Judson G. Wall & Sons are offering Aurora, Elgin & Chicago Ry. first fives due April 15, 1941, at 102⅝ and interest to net 4.85 per cent. The entire issue of $3,000,000 is secured on fifty-seven miles of road (twenty-five miles of which are double tracked) from Chicago via Wheaton to Aurora, Ill. A sinking fund of $50,000 annually commences 1911. The Aurora, Elgin & Chicago R. R., a consolidation of the Aurora, Elgin & Chicago Ry. (whose bonds the railroad has assumed) and two other roads is a standard gauge traction line operating 155 miles of road from Chicago to Aurora, with several branches, serving a territory of 300,000 population. It also operates city lines in Aurora and Elgin, a lighting plant in the latter city, and does a freight business as well as a passenger transportation business. Surplus earnings for year ending Dec. 31 are equal to 5.45 per cent. on $3,100,000 common stock, after allowing for six per cent. on the same amount of preferred.

—An attractive issue of first mortgage bonds which can be bought to net the buyer over five per cent. are the Jacksonville, (Fla.) Gas Co., thirty-year first fives being offered by Chas. H. Jones & Co., New York. The authorized issue is for $2,000,000 of which $930,000 are outstanding.

Under the provisions of the mortgage, no bonds can be issued for more than ninety per cent. of the actual cash cost of improvements, betterments and additions to the plant, and then only when the net earnings for the previous year amount to at least one and one-half times the interest on all outstanding bonds, including those which it is proposed to issue.

Owing to the rapid growth of the city of Jacksonville, the company is spending a large amount of money each year in extending its mains and services; has already made two reductions in the price of gas, and will continue to reduce the price of gas as fast as the growth of the business warrants.

—Speaking in a recent letter of the readjustment in security values which has taken place, Knauth, Nachod & Kühne say:

Liquidation has continued on a large scale and the highest grade dividend paying shares are now selling at a basis where they show an investment return of from four and one-half to five and one-half per cent. as against from three and one-half to four per cent. at the highest level of last year. The readjustment has been drastic but or-

derly. The process has now reached the stage where investment buying has been attracted and where institutions and individuals that have kept out of the market since the year opened are making discriminating purchases upon a large scale. This support is important and while it has not as yet assumed extraordinary proportions, the tendency is upward. Conditions at the moment offer a phenomenal opportunity for the discriminating investor who pays for what he buys. Taken on such terms it is safe to say that high grade securities which are bought around present prices will show handsome profits before the year ends.

Basic conditions in the United States are thoroughly sound. The investment outlook has been greatly helped by the liquidation in securities, grain, provisions and merchandise.

—Among the high interest bearing bonds so popular with investors at the present time, power bonds are coming to play an important part—beside the cold fact that such securities yield a high rate of interest and are an attractive business proposition, there is something that appeals to the imagination in the harnessing and commercializing of great natural forces such, for instance, as a water-fall like Niagara.

An attractive issue of bonds of this sort, being offered jointly by William Salomon & Co. and E. H. Rollins & Sons, are the Niagara, Lockport and Ontario Power Co. first fives, secured by a closed mortgage on property costing $7,300,000 or forty-six per cent. in excess of the bond issue.

The whole system as now constructed is capable of receiving 60,000 h. p. at the Niagara river and distributing it through the territory parelleling the New York Central Railroad from Lackawanna, a city adjoining Buffalo on the south, to the city of Syracuse. The right of way being much in excess of present capacity, additional lines can be constructed to meet the increasing load at much less cost than the original lines; and such additional lines, without increasing the first mortgage indebtedness, will add to its security.

For about 271 miles the transmission line is carried on steel towers mounted on concrete foundations, the balance being carried on double wooden poles. For the most part the concrete and steel construction is on the company's own land and the wooden construction on land held under easement.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to February 21, approximate yield as figured March 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov. reg. 2s, 1920	100½-101¼	1.86
U. S. Gov. reg. 3s, 1918	101¾-102½	2.65
Panama Canal reg. 2s, '36	100⅝-	
District of Columbia 3-65s	106 -108	
Alabama 4s, July, 1956	102 -105	3.77
Colorado 4s, '22 (op. '12)	96 -100	4.00
Connecticut 3½s, Apr., 1930	100 -102	3.37
Georgia 4½, July, 1915	103 -105	3.40
Louisiana 4s, January, 1914	98 -102	3.45
Massachusetts 3½s, 1940	94½- 94¾	3.77
New York State 3s, 1959	102 -102¾	2.90
North Carolina 6s, Apr., '19	116 -116½	3.80
South Carolina 4½s, 1933	102½-104	4.22
Tennessee New Set'nt 3s, '13	94 - 96	4.40
Va. 6s, B.B. & Co.'s ctfs., 1871	49 - 53	
Boston 3½s, 1929	95 - 95¾	3.82
New York City 4½s, 1957	109¾-109⅝	4.02
New York City 4½s, 1917	102¾-103¼	4.02
New York City 4s, 1959	100 -100½	3.97
New York City 4s, 1955	100 -100⅜	3.98
New York City 3½s, 1954	88¼- 88⅞	4.02
New York City 3½s, 1930	89 - 90	4.22
New York City rev. 6s, 1910	102 -102¾	1.87
Philadelphia 4s, Jan., 1938	102⅞-103⅛	3.82
St. Louis 4s, July, 1928	101 -102	3.84

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98 - 98½	5.55
Am. Cig. 4s, "B" Mar. 15, '12	96¾- 97½	5.55
Am. Locomotive 5s, Oct., '10	100 -	
Bethlehem Steel 6s, Nov., '10	99¼-100	5.00
"Big Four" 5s, June, '11	100⅜-101	4.13
B. R. & P. Equip. 4½s	99 -101	
C. H. & D. 4s, July, '13	97½- 98	4.72
Diamond Match 5s, July, '12	98½-	
Hudson Co. 6s, Oct., '11	99½-100⅜	5.45
Interboro 6s, May, '11	102½-103	2.00
K. C. R. & L. 6s, Sept., '12	97¼- 98	6.25
K. C. R. & L. 5s, May, '13	96¼- 96¾	6.25
Maine Central 4s, Dec., '14	98⅝- 99⅜	4.05
Minn. & St. Louis 5s, Feb., '11	99⅝- 99¾	5.25
New Orl. Term. 5s, Apr., '11N	99¾-100¼	4.75
N. Y. Cen. equip. 5s, Nov., '10	100⅜-	
N. Y. Cen. equip. 5s, Nov., 12	101¼-102¼	4.20
N. Y. Cen. equip. 5s, Nov., '14	102¼-103¼	4.20
N. Y. Cen. equip. 5s, Nov. '16	103¾-104½	4.20
N. Y. Cen. equip. 5s, Nov., '19	105½-106¼	4.2[illegible]
N. Y. N. H. & H. 5s, Jan., '11	100⅝-101	3.80
N. Y., N. H. & H. 5s, Jan., '12	101⅜ 101¾	4.10
Norfolk & West. 5s, May, '10	100 -100⅜	2.75
North American 5s, May, '12	99½-100½	4.70
St. L. & S. F. 4½s, Feb., '12	95 - 96	6.15
St. L. & S. F. 5s, Feb., '11	99⅜- 99¾	4.72
Southern Ry. 5s, Feb., 1913	98¼- 98¾	5.45
Tidewater 6s, June, '13	101¾-102¼	5.15
Wabash 4½s, May, '10	99⅞-100⅛	4.24
Westinghouse 6s, Aug., '10	100½-100¾	3.20
Wood Worsted 4½s. Mar., '11	99⅜- 99¾	4.75
Western Tel. 5s, Feb., 1912	99⅜- 99¾	5.10

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Ann Arbor, pref.	38	45
Arkansas, Oklahoma & Western	5	10
Atlanta & West Point	170	180
Atlantic Coast Line of Conn.	240	260
Buffalo & Susquehanna, pref.	26	30
Central New England	28	15
Central New England, pref.	20	28
Chicago, Indianapolis & Louisville	47	53
Chicago, Ind. & Louisville, pref.	63	68
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. Orleans & Tex. Pac.	118	125
Cincin., N. O. & Tex. Pac., pref.	103½	108
Cincinnati Northern	42	48
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref.	103	110
Delaware	78	...
Des Moines & Ft. Dodge, pref.	78	85
Detroit & Mackinac, pref.	88	94
Detroit & Mackinac, pref.	88	94
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	30	36
Georgia, South. & Flor., 1st pref.	88	92
Georgia, South. & Flor., 2d pref.	75	77
Huntington & Broad Top	..	8
Huntington & Broad Top, pref.	25	30
Kansas City, Mexico & Orient	21	24
Kansas City, Mex. & Orient, pref.	28	33
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref.	33	38
Maine Central	200	210
Maryland & Pennsylvania	20	25
Michigan Central	145	155
Mississippi Central	37	40
Northern Central	123	126
Pitts., Cin., Chic. & St. L., pref.	110	120
Pittsburg & Lake Erie	300	...
Pittsburgh, Shawmut & Northern	..	1
Pere Marquette	33	36
Pere Marquette, 1st pref.	63½	66
Pere Marquette, 2d pref.	41	43
St. Louis, Rocky Mt. & Pac., pref.	45	55
Seaboard Company	23	26
Seaboard, 1st pref.	77	...
Seaboard, 2d pref.	45	47
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref.	60	70
Texas Central	35	40
Texas Central, pref.	80	85
Williamsport & North Branch	1	3

GUARANTEED BONDS.

[Corrected to Feb. 24.]

Quoted by White & Co., bankers, dealers in investment securities, 25 Pine St., New York.

RAILROADS.

	Bid.	Asked.
Ala. Midland 1st 5s, 1928	107	109
Big Sandy Ry. Co. 1st 4s, 1944	87¼	89
Cent. Br. (Mo. Pac.) 1st 4s, 1919	94⅝	96
Cent. Vt. Ry. 1st 4s, 1920	86	89
Chatt. & Gulf R. R. 1st 5s, 1930	..	..
Chic. & Erie R. R. 1st 5s, 1982	113	115
Chic. Ind. South. R. R. 4s, 1956	93½	94½
Cleve. Term. & Val. 1st 4s, 1995	94	95¾
Dallas & Waco Ry. 1st 5s, 1940	104	106
Des M. & Ft. Dodge 1st 4s, 1935	88½	91⅛
Detroit & Tol. Line, 1st 4s, 1953	86	89
Easton & Amboy 1st 5s, 1920	107½	109¾
Elmira, Cort. & Nor. 1st 6s, 1914	102	...
El Paso & Rk. Island 1st 5s, 1951	102	107
Fla. West Shore Ry. 1st 5s, 1934	98	99
Ga., Caro. & Nor. 1st 5s, 1929	104½	106
Gila Val., Globe & N. 1st 5s, 1924	103½	105
Ind., Dec. & West'n 1st 5s, 1925	105½	108
Kans. & Colo. Pac. 1st 6s, 1938	110	112
Keo. & Des Moines 1st 5s, 1923	104	105
Long Island 4s, 1949	95	95¼
Louis. & Jeff. B'dge Co. 1st 4s, 1945	90	93
Md., Del., Va. Ry. 5s, 1955	100	101
Miss. Cent. R. R. 1st 5s, 1949	..	95
Mo., Kan. & East. 1st 5s, 1942	109½	110
Mo., K. & T. of Tex. 1st 5s, 1942	104½	105½
Northern Ohio Ry. 1st 5s, 1945	108½	109½
Ogd. & Lk. Champ. 1st 4s, 1948	91	..
Ozark & Cherokee C. 1st 5s, 1913	97	98
Pens. & Atl. Div. 1st 6s, 1921	102	108
Peoria & Eastern 1st 4s, 1940	94	95
Pitts., Bess. & Lake Erie 5s, 1947	114	116
Pitts., Shen. & L. Erie 1st 5s, 1940	115	115½
Pitts., S. & L. E. con. 1st 5s, 1943	115	116
Pitts., V., & Char. 1st 4s, 1943	98	100
Rio Grande Junction 1st 5s, 1939	104	106
San An. Aran. Pass 1st 4s, 1943	87¼	88¼
S. F., Pres. & Phoe. 1st 5s, 1942	109½	111
Sham., Sun. & Lwsbg. 1st 5s, 1912	102	...
Sherm., Shrev. & So. 1st 5s, 1943	102	107
South Bound R. R. 1st 5s, 1941	105	...
South. & Nor. Ala. R. R. 5s, 1936	110	111½
Southern Pac. R. R. 1st 4s, 1955	95⅛	95¼
Terre Haute & Peo. 1st 5s, 1942	109	111
Texas & Okla. R. R. 1st 5s, 1943	104	105½
Toledo Term. R. R. 1st 4½s, 1957	94½	97
Vera Cruz & Pac. 1st 4½s, 1934	91½	93
Western Pac. Ry. 1st 5s, 1933	97	97¼
Wtn. Ry. Co. of Ala. 1st 4%s, 1918	99	101
Wilks. & East. R. R. 1st 5s, 1942	101	105½

MISCELLANEOUS.

	Bid.	Asked.
Birm. Term. Co. 1st 4s, 1957	89	90½
Boonville R. R. Bdg. Co. 1st 4s, 1951	..	...
Bry. & 7th Ave. 1st 5s, 1943	101	102
Cin. Gas Trans. Co. 1st 5s, 1933	95	97½
Clairton Steel Co. Ser. 5s to 1913	..	...
Conn. Ry. & Lt. Co. 1st 4½s, 1951	101	102
Dawson Ry. & Coal Co. 5s, 1951	..	...
De Bard. Coal & Iron 1st 6s, 1910	..	...
Ga. & Ala. Term. Co. 1st 5s, 1948	102	104
Ind. Nat. Gas & Oil 1st 5s, 1936	87½	90
Madison R. Power Co. 1st 5s, 1935	..	99½
M. City (Ind.) G. & L. 1st 5s, 1937	92	96
Minn. St. Ry. & St. Paul City Ry. Co. 5s, 1928	105	106
Nassau Elec. R. R. 4s, 1951	78½	80
New Or. Term. Co. 1st 4s, 1953	80	86
O. & C. B. Ry. & B. Co. 1st 5s, 1928	..	...
Peoria Ry. Term. Co. 1st 4s, 1937	80	83
Pitts. Coal Co. of Pa. 1st 5s, 1954	104¾	105½
Prov. Securities Co. 4s, 1957	85½	88
Puget Sound Pwr. Co. 1st 5s, 1933	..	...
Syracuse (N. Y.) Gas 1st 5s, 1946	102½	104
Trenton Gas & El. Co. 1st 5s, 1949	104	105½
Trenton, Pennington & Hopewell St. Ry. 1st 5s, 1943	95	...
Union Steel Co. 1st 5s, 1952	104½	105
Washington Term. Co. 1st 4s, 1945	100½	102
Wash. Term. Co. 1st 3½s, 1945	90	91

GUARANTEED STOCKS.

[Corrected to February 24.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 5 Nassau St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So. R.R.)	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)	99	103
Boston & Lowell (B. & M.)	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.)	227	...
Boston & Providence (Old Colony)	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)	115	125
Cayuga & Susquehanna (D. L. & W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)	174	178
Cleveland & Pittsburg Betterment	100	104
Columbus & Xenia (Pa. R. R.)	200	206
Commercial Union (Com'l C. Co.)	110	120
Com'l Union of Me. (Com'l C. Co.)	110	...
Concord & Montreal (B. & M.)	170	...
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)	180	...
Delaware & Bound B. (Phila. & R.)	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	103
East Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	280	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)	235	245
Erie & Pittsburg (Penn. R. R.)	150	160
Franklin Tel. Co. (West. Union)	40	45
Ft. Wayne & Jackson pfd. (L. S. &		

	Bid.	Asked.
M. S.)	187	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	257
Gold & Stock Tel. Co. (W. U.)	108	...
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	95
Inter. Ocean Telegraph (W. U.)	95	105
Illinois Cen. Leased Lines (Ill. Cen.)	99	102
Jackson, Lans. & Saginaw (M. C.)	90	95
Joliet & Chicago (Chic. & Al.)	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	79	81
K. C. St. L. & C. pfd. (Chic. & Al.)	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	184	...
Nashville & Decatur (L. & N.)	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	198	208
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.)	200	...
Ogden Mine R.R. (Cen. R.R. of N.J.)	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)	220	230
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C. R. I. & P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	124	128
Saratoga & Schnectady (D. & H.)	168	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	172	...
Twenty-third St. R. R. (M. S. R.)	...	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.)	250	254
Valley of New York (Del. L. & W.)	123	128
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (Del. Lack. & W.)	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to February 24.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	61	68
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock.....	....	130	145
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s..1914	J&N	100	101
Col & 9th Av 1st 5s...1993	M&S	97	100
Christopher & 10th St.....	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52
42d St M & St N Av 6s.1910	M&S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	87	92
Second Av Ry stock........	....	15	18
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	55	60
Sixth Av Ry stock........	....	110	125
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s......1942	F&A	100½	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	70	85
Central Union Gas 5s..1927	J&J	100½	101½
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	100	101
N Y & E R Gas 1st 5s.1944	J&J	103	106
N Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	100
Standard Gas Light 5s.1930	M&N	100	103
Westchester Light 5s..1950	J&D	103¼	106
Brooklyn Ferry Gen 5s.1948	....	24	29
Hoboken Fy 1st Mtg 5s.1946	M&N	105	107
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	96	98
N Y & East River Fy......	Q M	34	39
10th & 23d St Ferry......	A&O	26	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	30	31
Union Ferry 1st 5s....1920	M&N	95	98

MISCELLANEOUS SECURITIES.

[Corrected to February 24.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F. com.	92	95
American Brake Shoe & F. pref.	126	128
American Brass	118	122
American Chicle com.	221	226
American Chicle pref.	100	105
American Coal Products	95	97
American Gas & Electric com.	44	46
American Gas & Electric pref.	43	46
Adams Express	245	275
American Express	275	285
American Light & Traction com.	284	288
American Light & Traction pref.	104	107
American District Tel. of N. J.	50	53
Babcock & Wilcox	99	102
Borden's Condensed Milk com.	115	118
Borden's Condensed Milk pref.	104½	106½
Bush Terminal	61	67
Conn. Ry. & Ltg. com.	75	78
Conn. Ry. & Ltg. pref.	78	83
Cripple Creek Central com.	25	30
Cripple Creek Central pref.	43	49
Del., Lack. & Western Coal	230	240
Du Pont Powder com.	133	137
Du Pont Powder pref.	84	87
E. W. Bliss com.	132	140
E. W. Bliss pref.	128	135
Empire Steel & Iron com.	13	20
Empire Steel & Iron pref.	75	85
Hudson & Manhattan com.	18	23
International Nickel com.	143	149
International Nickel pref.	87	92
International Silver com.	20	30
International Silver pref.	110	115
Int. Time Recording com.	72	...
Int. Time Recording pref.	100	105
Lackawana Steel	48	52
Oil Fields of Mexico	75	85
Pacific Gas & Electric com.	51	53
Pacific Gas & Electric pref.	86	89
Phelps, Dodge & Co.	225	250
Producers Oil	130	145
Royal Baking Powder com.	173	180
Royal Baking Powder pref.	108	111
Safety Car Heating & Lighting	128	131
Sen Sen Chiclet	115	122
Singer Manufacturing	540	570
Standard Coupler com.	30	35
Texas (Oil) Company	190	200
Texas & Pacific Coal	99	104
Tri-City Railway & Light com.	25	28
Tri-City Railway & Light pref.	92	96
U. S. Express	118	123
U. S. Industrial Alcohol com.	18	22
U. S. Industrial Alcohol pref.	85	89
Union Typewriter com.	52	58
Union Typewriter 1st pref.	112	115
Union Typewriter 2d pref.	112	115
Virginian Railway	20	24
Wells Fargo Express	172	179
Western Pacific	25	30
Worthington Pump pref.	108	111

ACTIVE BONDS.

[Corrected to February 24.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Foundries 4s, 1923	72½	75½
Amer. Steel Foundries 6s, 1935	102½	105
Balt. & Ohio, Southwest. Div. 3½s	90¼	91½
Bethlehem Steel 5s	87	88
Chi., Burlington & Quincy Gen. 4s	99¼	99⅝
Chi., Burl. & Quincy Ill. Div. 4s	99⅞	100⅝
Chi., Burl. & Quincy Ill. Div. 3½s	88¼	89
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s	93¾	94¼
Louis. & Nashville unified 4s	98½	99¼
Mason City & Ft. Dodge 4s	85¼	86¾
Norfolk & West. Divisionals 4s	92¾	93⅛
Savannah, Florida & Western 6s	124	130
Va. Carolin Chem. 1st 5s	98	99
Western Maryland 4s	85	86
Wheeling & Lake Erie cons. 4s	85	86
Wis. Central, Superior & Duluth 4s	93¼	93⅞
Western Pacific 5s	96⅞	97⅝

COAL BONDS.

[Corrected to February 24.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmont Coal 1st 5s, 1931	94	96
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95½	97½
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	95	97½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	85	89
Sunday Creek Co. Coll. Tr. 5s, 1944	63	67

	Bid.	Asked.
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	90	94
West End Coll. 1st 6s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to February 24.)

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932	97	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative	99	102
Guanajuato Power & El. Co. Com.	24	27
Arizona Power Co., bonds 6%, due 1933	87	91
Arizona Power Co. Pref.	46	50
Arizona Power Co. com.	25	27
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	54½	56
Western Power Co. Com.	35½	37
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref. 6%	75	...
Mobile Electric Co. Com.	20	...
Amer. Power & Lt. Co. Pref., 6%	81¼	82
Amer. Power & Lt. Co. Com.	39	40¼

FOREIGN & MUNICIPAL BONDS.

[Corrected to February 24.)

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Consols 3½s	93¾	94¾
German Consols 3s	85	86
Prussian Government 4s	101¾	102¾
Bavarian Government 4½s	101½	102½
Hessian Government 3½s	92½	93½
Saxony Government 3s	84¼	85¼
Hamburg Government 3s	83¾	84¾
City of Berlin 4s	100½	101½
City of Cologne 4s	100½	101½
City of Augsburg 4s	100¼	101¼
City of Munich 4s	100¼	101¼
City of Frankfurt a-M. 3½s	93¾	94¾
City of Vienna 4s	97¾	98¾
Mexican Government Gold 5s	101	102
Russian Government Gold 4s	92½	93½
French Government Rente 3s	98½	99½
British Consols 2½s	82½	82½

BANK AND TRUST COMPANY STOCKS.

[Corrected to February 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	...	190
Amer. Exchange Nat. Bk.	10	250	258
Bank of America	26	620	...
Bank of the Manhattan Co.	12	325	345
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	320	330
Bank of Washington Hts.	8	270	...
Battery Park Nat. Bank	..	125	130
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	155	165
Century Bank	6	160	175
Chase National Bank	6	425	...
Chatham National Bank	16	325	...
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	445	460
Citizens Central Nat. Bk.	6	155	165
Coal & Iron Nat. Bank	6	140	...
Colonial Bank	10	375	...
Columbia Bank	12	...	260
Corn Exchange Bank	16	320	330
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4300	...
Fifth National Bank	12	300	...
First National Bank	32	890	905
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	200	205
Gallatin National Bank	12	330	345
Garfield National Bank	12	300	...
German-American Bank	6	135	...
German Exchange Bank	20	450	...
Germania Bank	20	500	...
Greenwich Bank	10	255	265
Hanover National Bank	16	625	650
Importers' & Traders' Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	160	180
Liberty National Bank	20	625	650
Lincoln National Bank	10	400	435
Market & Fulton Nat. Bk.	12	260	270
Mechanics & Metals Nat. Bank	12	265	275
Mercantile Nat. Bank	6	160	170
Merchants Ex. Nat. Bk.	6	160	170
Merchants' Nat. Bank	7	180	186
Metropolitan Bank	8	195	...
Mount Morris Bank	10	250	...
Mutual Bank	8	280	290
Nassau Bank	8	235	...
Nat. Bk of Commerce	8	192	196
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	395	400
National Park Bank	16	470	480
National Reserve Bank	..	122½	135
New Netherlands' Bank	..	200	...
N. Y. County Nat. Bank	40	850	...
N. Y. Produce Ex. Bank	8	172	...
Night & Day Bank	..	220	...
Nineteenth Ward Bank	15	...	375
Northern Bank	6	...	100
Pacific Bank	8	230	240
People's Bank	10	280	300
Phenix National Bank	6	182	...
Plaza Bank	20	600	...

	Div. Rate.	Bid.	Asked.
Seaboard National Bank...	10	375	...
Second National Bank	12	400	...
Sherman National Bank...	..	140	...
State Bank	10	290	310
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk....	6	160	...
Union Ex. Nat. Bank......	10	185	195
West Side Bank	12	500	...
Yorkville Bank	20	500	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	370	385
Bankers' Trust Co.	16	675	700
Broadway Trust Co.	6	148	155
Brooklyn Trust Co.	20	435	...
Cargenie Trust Co.	8	135	150
Citizens Trust Co.	..	130	...
Central Trust Co.	36	1010	1040
Columbia Trust Co.	8	315	325
Commercial Trust Co.	..	120	...
Empire Trust Co.	10	300	...
Equitable Trust Co.	20	500	510
Farmers' Loan & Trust Co. (par $25)	50	1790	1825
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	215	...
Franklin Trust Co.	8	210	230
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	20	750	790
Guardian Trust Co.	..	160	175
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	175	185
International Bank'g Corp.	..	...	130
Kings Co. Trust Co.......	16	500	...
Knickerbocker Trust Co.....	..	305	320
Lawyers' Mortgage Co......	12	255	260
Lawyers' Title Insurance & Trust Co.	12	290	298
Lincoln Trust Co.	..	...	160
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	500	535
Mutual Alliance Trust Co...	8	130	140
Nassau Trust Co.	8	170	...
National Surety Co.	8	230	...
N. L. Life Ins. & Trust Co.	45	1100	...
N. Y. Mtg. & Security Co..	12	220	230
New York Trust Co.	32	650	675
People's Trust Co.	12	280	...
Savoy Trust Co.	..	100	110
Standard Trust Co.	16	400	425
Title Guar. & Trust Co.....	20	535	545
Trust Co. of America......	10	360	370
Union Trust Co.	50	1350	1400
U. S. Mtg. & Trust Co.....	24	465	480
United States Trust Co.....	50	1270	...
Van Norden Trust Co......	12	...	225
Washington Trust Co.	16	360	380
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	153
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	371
Fourth National Bank	7	165
Merchants National Bank	10	261¼
National Bank of Commerce	6	173½
National Market Bank, Brighton..	6	102
Nat. Rockland Bank, Roxbury....	8	167
National Shawmut Bank	10	338¼
National Union Bank	7	204
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	128½
People's National Bank, Roxbury..	6	125
Second National Bank	10	259½
South End National Bank	5	104½
State National Bank	7	183½
Webster & Atlas National Bank...	7	185
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	137½
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank ...	..	150	...
City National, Evanston...	12	315	...
Commercial National Bank.	12	230	233
Continental National Bank.	8	278	281
Corn Exchange Nat. Bank.	12	430	436
Drovers Deposit Nat. Bank.	10	220	...
First National Bank	20	...	492
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank..	8	189	193
Hamilton National Bank...	5	135	139
Live Stock Exchange Nat. Bank	10	...	247
Monroe National Bank	4	130	133
Nat. Bank of the Republic.	8	200	202
National City Bank	6	216	222
National Produce Bank ...	..	134	140
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank..	..	...	110
Austin State Bank	10	275	...
Central Trust Co.	7	158	160
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	148
Citizens Trust Co.	..	100	111
Colonial Tr. & Sav. Bank..	10	195	199
Cook County Savings Bank.	6	110	...
Drexel State Bank	6	160	162
Drovers Tr. & Sav. Bank...	8	175	180
Englewood State Bank	6	114	116
Farwell Trust Co.	..	118	121
Hibernian Banking Assn...	8	215	217
Illinois Tr. & Sav. Bank..	16-4ex.	507	513
Kasper State Bank	10	200	...
Kenwood Tr. & Sav Bank.	7	127	130
Lake View Tr. & Sav. Bk.	5	131	135
Merchants Loan & Tr. Co...	12	...	430
Metropolitan Tr. & Sav. Bk.	6	120	125
Northern Trust Co.	8	319	322
North Avenue State Bank..	6	138	142
North Side State Bank....	6	126	...
Northwest State Bank	..	111	113
Northwestern Tr. & Sav. Bk.	6	136	140
Oak Park Tr. & Sav. Bank.	12	305	311
Peoples Stock Yards State Bank	..	180	190
Prairie State	8	250	...
Pullman Loan & Tr. Bank.	8	155	...
Railway Exchange Bank...	4	125	...
Security Bank	..	160	...
Sheridan Tr. & Sav. Bank.	..	111	114
South Chicago Sav. Bank..	6	138	142
State Bank of Chicago.....	12	334	336
State Bank, Evanston	8	270	...
Stockmen's Trust Co.	..	113	115
Stock Yards Savings Bank.	6	...	215
Union Bank	..	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank.	6	160	...

Serial 6% Bonds

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Our Reclamation bonds—both Drainage and Irrigation—are secured by first liens on rich farm lands—sometimes a thousand farms.

The most fertile, most valuable farm lands in America are lands reclaimed by irrigation or drainage.

Among them are our finest fruit lands, worth from $1,000 to $4,000 per acre. And there are millions of irrigated acres, devoted to general farming, where the average crop is two or three times the average in other localities.

No reclamation project is financed by us save where the land has exceptional value. Bonds based on such land, with such high earning power, form, in our estimation, the safest sort of security.

Doubly Secured

Irrigation bonds are usually doubly secured. First, we have a mortgage on all the property in which the proceeds of the bonds are invested. The investment in this property is sometimes twice the bond issue.

The bonds are additionally secured by first liens on the lands and the orchards watered. These liens are given by individual land owners in payment for water rights. They draw six per cent. interest, and are paid off in annual installments. These payments are used to retire the bonds as they mature.

Often a thousand such separate liens are deposited with a trustee as security for the bonds as a whole. And the bonded indebtedness rarely exceeds one-fourth of the land's cash value. The first crop from the land is often sufficient to pay the whole lien.

Some irrigation bonds are "Carey Act bonds," where the State supervises the project. Some are municipal obligations, issued by organized districts. Such bonds, like school bonds, form a tax lien on the district.

Any rightly selected Reclamation bond affords one an ideal security.

Any Amount—Any Maturity

Irrigation bonds are generally issued in denominations of $100, $500 and $1,000, so one may invest either little or much.

They are serial bonds, part of which are paid annually, as the farmers pay off their liens. So one may select either long-time or short-time investments.

The interest rate is six per cent.—a liberal rate for conservative farm lien securities.

Among those who investigate them, reclamation bonds are the most popular bonds that we handle. Many of our customers are now exchanging through us their low-income bonds for these more attractive securities.

16 Years' Experience

Our experience with Reclamation bonds covers sixteen years. During that time we have handled 78 separate issues, some of which have run into millions of dollars. All have been based on first liens on good farm land, and not a dollar of loss has resulted to any investor.

Our organization now includes engineers and attorneys of national fame, and of the widest experience in connection with reclamation. An officer of our Company constantly resides in the irrigated country watching the projects we finance.

Our position in this field gives us the pick of the projects, so we confine ouselves to the most desirable issues. Our investigations are all made on the ground, and by the most competent men we know.

We have written a book on Irrigation Bonds, based on all this experience. Every investor, small or large, owes to himself its perusal. Cut out this coupon as a reminder to write us today for this book.

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CURRENT OPINION

VREELAND DEBATES CENTRAL BANK PLAN WITH LESLIE W. SHAW.

SPEAKING at a luncheon of the Republic Club of New York on February 5, Congressman E. B. Vreeland, chairman of the House Committee on Banking and Currency, said in part:

Panics are absolutely preventable. Other nations have put them behind for years. I do not mean to say that we can avoid periods of depression or the failure of the crops, but the tearing down of our financial structure following such industrial disturbances is not necessary and would not occur with a proper financial system. It took the panic of 1907 to convince the country that it needed to reform its currency laws. The panic of 1873 was attributed to other panics preceding, and that of 1893 to economic legislation, but in 1907 when the country was prosperous, the financial system broke down and the panic ensued.

We have in this country 24,000 banks, State and national, and it is a splendid system so far as it goes. I do not want to disturb it or tear it down, but in times of stress it falls apart because there is no cohesion, no unity. Every bank has to shift for itself, and every bank in such times tries to grab every dollar in sight.

The next difficulty with the present system is our inability to attract and care for our proportion of the gold supply of the world. We have forty per cent. of the banking capital, but we have only got our gold in the past by virtue of our enormous trade balances. I do not think that we can depend upon this in future, for our principal exports for the last ten years have been in breadstuffs, and we are not going to be able to keep this export trade where it has been in the past.

Our currency, moreover, is not elastic enough to meet the fluctuations in the volume of business, and we find that its eccentricities all through its history have carried it contrary to the business needs of the country. It never will have adequate elasticity so long as it is anchored to the bonds of the United States, or to other bonds that fluctuate.

Our reserve system comes next. In the last two panics it broke down entirely. We are fifty years behind the experience of other nations, for although we require twice the reserve required by any other country of its banks, yet we are the only country in which the system breaks down when the crisis comes.

All our national or State laws require a certain percentage of reserve to be kept in the banks in cash, and in time of panic we cannot release this for use where it is needed. We are in the position in which the country would be if war were declared with Canada and every State were required to keep its troops upon its own frontier, where they could be cut to pieces, a few at a time, by an invading army. We must, therefore, have to some extent centralization of reserves, $200,000,000 to $400,000,000, where they can be used when occasion requires.

Mr. Shaw's Criticism.

Ex-Secretary Shaw, in reply, said in part:

It is proposed that a central bank alone shall issue asset currency. Those of us who are cranks on this subject have tried from time to time to get an interview with the great, wise and astute man who controls our financial legislation. Sometimes we got what some people might think an interview, but we never got an idea to him, because he had his own ideas, and didn't want ours.

We now have a commission headed by this great man, and we are told that he wants a central bank. His report is not yet out, but we have no doubt as to what it will be, nor need any one, if he will consider who is the chairman of the Senate Committee on Finance and what are his affiliations.

Mr. Shaw declared that the primary difficulty with getting a currency that will contract under any scheme of central issue lies in the fact of the double system of State and national banks in the United States. The State banks, absorbing currency, he declared, and being allowed to use it for reserve, took a certain proportion of any amount issued and kept it from getting back where it came from. But, passing from this difficulty, he argued that, if we took the experience of England, where a ten years' record showed a maximum currency contraction of ten per cent. in any given money movement, it would require at least $1,500,000,000 additional circulation in order to produce a needed ability to contract the currency $150,000,000.

Do you want that much? We have $3,000,000,000, and can you stand for a $1,500,000,000 sudden inflation? It would work all

right for a time—in fact, I would buy everything in sight, and then hope to die before the reaction came, but a bank must stay in business all the time. Suppose, then, that you had a bank which would only issue a little of some new kind of currency, when the pinch came and you took your check to that bank in the pinch and got this new kind of money. You would say, "What's that?" and the bank would say, "That's what the Government gives you when you are up against it." It would scare the life out of you. Maybe you never thought of that.

But there are other reasons. The bank would have to be located at some place. I asked a Chicago banker where he would have it located, and he said, of course, in the Middle West. What do you New Yorkers think of that? I asked a banker in Bay City, Mich., how he thought any New York banker would feel to hear that the First National of Bay City had failed and told him that in my opinion the New York banker would care about as much as about the death of an Alaskan Indian.

Here are two great roots of financial interests in New York city. Do you know any important city in the United States where the Standard Oil Company does not own one or more banks, or where the interests that control the United States Steel Corporation do not own likewise? This does not worry me. If we had a central bank they would own it, too. I am disposed to think that if there had to be such a bank I should want them to own it, but I believe that they could afford to pay the debt of the United States as the price of the charter, and if my bank had any stock in that central bank I should send it right in to them. I might just as well.

Mr. Shaw then said that his remedy was to treat the United States Treasury as a central bank, and the various national banks as branches, and instead of letting one central bank issue all the emergency currency, to let each one issue a little under safeguard, with the guarantee of the Government behind it. He suggested the five per cent. tax on all issues over and above a certain limit as an automatic check upon overissue, and a guarantee of contraction, when the need of the emergency currency is past.

NEW YORK BANKERS OPPOSED TO THE POSTAL SAVINGS BANK SYSTEM.

HERE are the opinions of some of New York's prominent savings bank men on the question of the hour, "Shall we have postal savings banks?"

W. M. Spackman, vice-president of the Bowery Savings Bank, says:

I am against a system of postal savings banks for several reasons. Governmental control is notoriously extravagant and unsatisfactory; and furthermore it is opposed to the underlying principle of democracy that government should interfere with private or corporate endeavor unless by so doing it can secure more efficient and less expensive services, which in this case it would not do. One inevitable effect of a postal savings system in this country would be the draining of the resources of the West. No matter what restrictions as to localizing investment were made it would be found absolutely necessary for the savings ultimately to find their way to the east for investment.

Then again look at the enormous opportunity for dishonesty in a government savings system with its innumerable agencies and countless officials. It would be almost impossible to secure a completely trustworthy staff for the whole country.

The savings banks of New York would not be affected, for our depositors are well satisfied with the present system, and would not be likely to transfer their funds to a new bank with lower rate of interest and no better facilities. If the scheme becomes law it will not be practicable to pay more than two or two and a half per cent. interest on deposits, the Government bond rate. A higher rate would lead immediately to the question: "Why should the country pay more for its money received through the medium of savings banks than it does for money received from its bond issues?" Even two per cent. interest would be a matter of difficulty, unless the country is prepared to contribute to maintain the rate on savings deposits, much as is done now for the sending of second-class mail matter at a loss for the benefit of a few favored persons.

Andrew Mills, president of the Drydock Savings Institution, says:

Postal savings bank proposals should be carefully thought over. The only point in their favor is the provision of a safe depository for savings of people in remote places. The scheme will not hurt us in the least, but it is wrong in principle. Money deposited throughout the country will find its way to the great centers, such as New York, Chicago and Boston, and thus one of the chief advantages of a savings bank system will be removed. For example, look at Brooklyn, where a large portion of the grat development is due to the investment of savings bank deposits. Under a national savings bank system it will be unavoidable that the bulk of deposits will gravitate from distant districts to the large cities where investment offers greater security and wider scope.

Frank M. Hurlbut, president of the Union Square Savings Bank, says:

The postal savings bank idea is wrong in principle, but I do not think that it will divert a dollar from the savings banks of New York. Indeed, I should not be surprised if it acted as a feeder to the present institutions, because it may induce savings in new quarters which after reaching a moderately large amount may be transferred to the mutual savings banks which pay more interest. One thing which, it seems to me, will probably militate against the success of the postal savings banks is the reluctance of people in rural places to put their money

in the hands of the village postmaster, who already knows quite enough of the private concerns of his neighbors, and with his political affiliations will not be considered a desirable confidant in financial matters.

MARYLAND SENATOR SAYS POSTAL SAVINGS BANKS ARE UNCONSTITUTIONAL.

SENATOR RAYNER, of Maryland, made his argument in the Senate February 7, upon the constitutional aspects of the pending postal savings banks bill.

Denying that the proposed legislation could be supported as constitutional, he challenged the advocates of the measure to show an express or implied power upon which the measure could be based under the Constitution.

Mr. Rayner said, in part:

Where is the power that this legislation is to execute? I challenge an answer under the decisions. This Government has no right to go into the banking business, except as an instrumentality to carry out some Government function. Government banks can be created and banks can be incorporated. Why? Simply because they are, within the language of the Constitution, the necessary and proper means to carry out some of the delegated powers of the Constitution. We could not pass an act of incorporation for any of the purposes indicated in this bill. Why? Because there is no Government function involved. The depositing of money by the people is not a governmental function. Loaning money by the Government is not a governmental function.

What is the object of this bill? To enable the people to deposit their earnings; to enable the Government to borrow it after it has been deposited in order to loan it out again. But these are not the necessary and proper means for an end defined in the Constitution. I challenge you to show me the provision in the Constitution under which this legislation arrays itself, either expressly or by implication.

Not Like Banks or Postoffices.

The bill simply provides for a savings depository, without any banking privileges and with no pretext to carrying out the governmental function authorized by the Constitution. It differs as much from a bank as it does from a postoffice, which is the next claim perhaps in which refuge will be sought. Adhering to well-established legal definitions and keeping within the range of professional sanity, there is no more similarity between postoffices and savings banks than there is between a postoffice and an aquarium or a zoological garden. . . . .

This is not the first time I have heard the general-welfare clause referred to upon this floor as a source of legislative power. When I came to this body and heard Senators allude to the general-welfare clause as a grant of power I looked upon it as a sort of burlesque upon the Constitution. I stand here to declare that I shall never vote for any legislation if it has no other authority than the general-welfare clause of the Constitution, and I propose to demonstrate, with precision, I hope, that this clause can never be invoked to sanction any measure that does not come under the enumerated powers of our organic law.

Respect for Constitution.

I know that the Constitution under the last administration was in a state of collapse. Upon a number of occasions on this floor I attempted to show how it received blow upon blow until it was sent staggering to its grave. The predecessor of our present President, whatever else he may have been, was not a student of the Constitution; he did not care for its restrictions, and did not consider himself bound by its limitations. We have an occupant of the White House now who is thoroughly familiar with the landmarks of his power. Therefore when he submits a question like this it is worthy of our most serious consideration.

CARNEGIE ON WEALTH.

ANDREW CARNEGIE declares there is only one mode of using fortunes:

The problem of our age is the proper administration of wealth, that the ties of brotherhood may still bind together the rich and the poor in harmonious relationship.

There is only one mode of using great fortunes. That is one by which the surplus wealth of the few becomes the property of the many, and by which this wealth passing through the hands of the few can be made a more potent force for the elevation of the race than if distributed in small sums to the people themselves. The millionaire is but a trustee for the poor.

The man of wealth should become, after providing moderately for the legitimate wants of those dependent upon him, the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer, doing for them better than they would or could do for themselves.

Wise men will soon conclude that, for the best interests of their families and of the state, bequests to their descendants are an improper use of their means. Beyond providing for the wife and daughters moderate sources of income and very moderate allowances, if any, for the sons, men may well hesitate. The thoughtful man must shortly say: "I would as soon leave to my son a curse as the almighty dollar." He must admit to himself that it is not the welfare of the children, but the family pride, which inspires these legacies.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—THEODORE ROOSEVELT.

THE PAN-AMERICAN RAILWAY.

Something of the Property Recently Purchased by David E. Thompson, Former American Ambassador to Mexico.—The Lands Traversed by the Road.—Opportunities Offered Along the Route.—Its Importance as a Connecting Link in a Great Canada to Panama and South America by Rail Possibility of the Near Future.

By Howard S. Williams.

KEENLY alive to the vast possibilities wrapped up in a short line railroad in Mexico, a line connecting Guatemala with the southernmost State of Chiapas, David E. Thompson, for many years a close student of affairs in the Republic south of the Rio Grande, and until December first American Ambassador to Mexico, grasped the opportunity to possess it, and a few months ago successful negotiations for its acquisition by him were definitely closed.

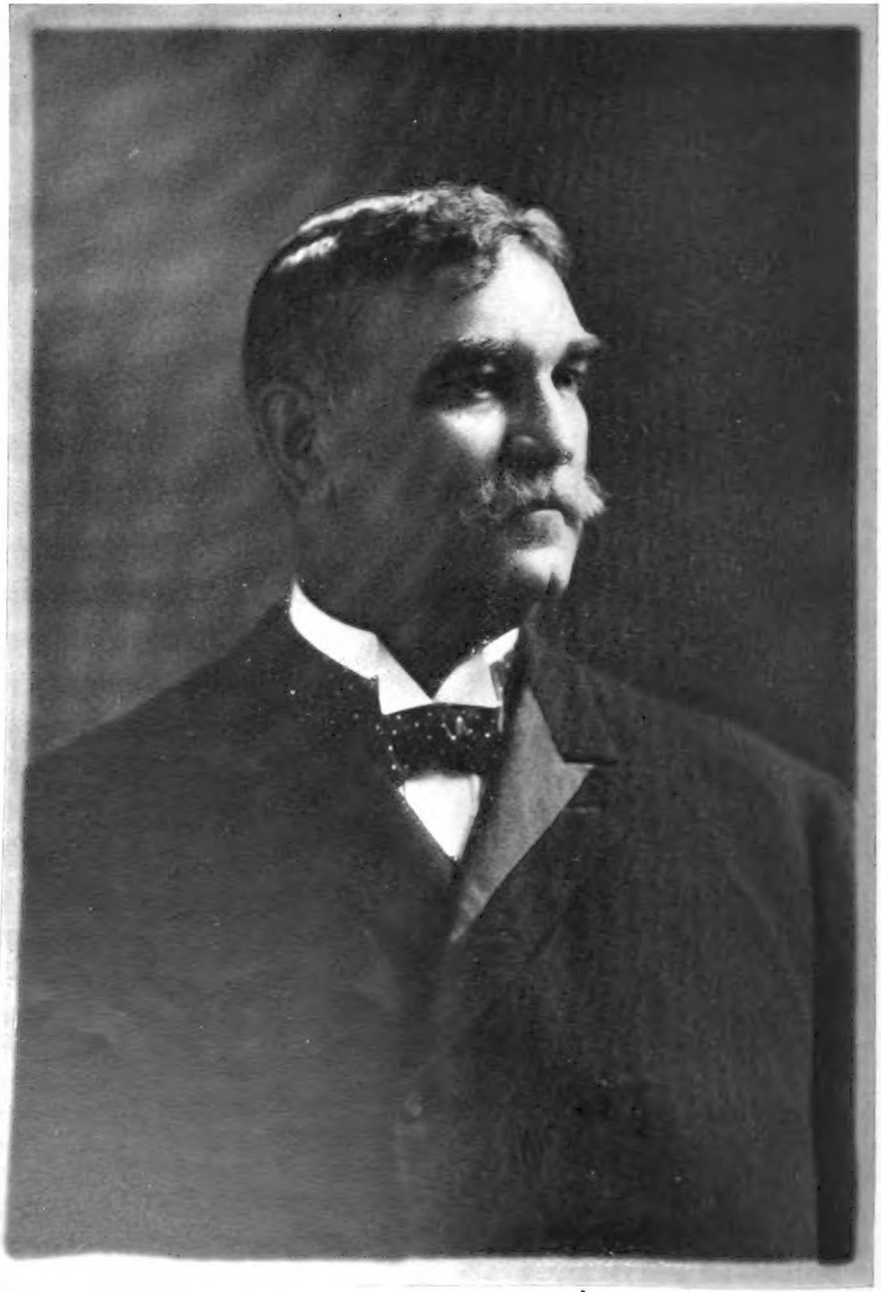
Mr. Thompson's action in buying the Pan-American has assisted in bringing about greater confidence in sound investments in that country. That he would not hazard his hard-earned millions in an enterprise in a land that did not offer security and protection to the interests of a foreigner, those acquainted with him know to be a certainty.

Probably no American in the Republic of Mexico to-day is more thoroughly acquainted with political, financial, commercial and industrial conditions there than is the former Ambassador.

His first experiences in the land of Diaz date back more than thirty years. While in Brazil in 1905 as American Ambassador Mr. Thompson was offered the post in Mexico City, to succeed Powell Clayton. He accepted the diplomatic appointment, and his services in the capital of the neighbor of the United States to the south have been of such a nature as to win him distinction as a diplomatist. When he resigned a short while ago he began to look around for a good investment, preferably of a railroad character. The opportunity came sooner than he anticipated, for the old Pan-American Railroad Company was in trouble, and its stockholders desired to sell him a large block of stock in the enterprise. Mr. Thompson took a trip over the system,

Not a mile of bad or swampy land on its whole length.

and rather suddenly made the stockholders a proposition to buy them out. He wanted the road, but he wanted it exclusively for himself. In the end he secured $9,600,000



HON. DAVID E. THOMPSON

President Pan-American Railway and Former United States Ambassador to Mexico.

of the $10,000,000 capital stock. The $400,000 of stock that he did not buy is held by Mexicans who live along the road, in Chiapas.

Former Ambassador an Experienced Railroad Man.

An experienced railroad man, one who grew up in the business from boyhood, Mr. Thompson was by no means at a loss to know how to proceed to immediately improve his new property. He knew just what was needed, how much money would be required to thoroughly overhaul and equip the line, and put it in readiness to take care of increased freight and passenger business. He was also aware of the vast possibilities for future development in the agricultural and timber districts tapped by the road. He was prepared to put up the money, and this he has already done, with the result that in the course of only a few weeks new engines and freight and passenger cars are either enroute or being built, equipment that will be put in service on the earliest possible day.

Selecting E. M. Wise, formerly with the Louisville & Nashville Railroad, as his general manager, the new owner of the Pan-American called him into his office and said:

"Mr. Wise, we are going to have a first-class railroad. We must not waste any money, but will spend all that is necessary to make the Pan-American what it ought to be."

And Mr. Thompson, with the assistance of Mr. Wise, is carrying out his purpose as speedily as the judicious expenditure of money and energetic labor of men will allow.

Location and Characteristics of the Road.

The Pan-American Railroad is standard gauge, and extends from Gamboa, in the State of Oaxaca, to Mariscal, State of Chiapas. The latter town is on the west side of the river that there divides the Central American Republic of Guatemala from Mexico, and opposite the Guatemalan city of Ayutla. The distance from Gamboa to Mariscal is 457 kilometers. There are a number of small branches on the line that give it a total trackage of 478 kilometers. To the west is the Gulf of Tehuantepec and the Pacific Ocean, while to the east lies the State of Chiapas with riches unsurpassed in agricultural lands, timber and minerals.

Gamboa, in the State of Oaxaca, has been made the headquarters of the road, and there the general offices are located, but the owner maintains his headquarters in a handsome suite of offices in Mexico City.

Richness of the Territory Traversed.

The Pan-American runs through a district of old Mexico that is now well populated; fully 300,000 people live in the towns through which it operates, and in the surrounding country. The people are thrifty farmers, cattle raisers, or are engaged in the cutting of timber and the manufacture of lumber. Sawmills are springing up in many parts of the territory, and more will soon be added to the list now that increased transportation facilities are assured.

A Country Station.

It can truthfully be said that the richest agricultural lands in Mexico lie in the State of Chiapas, and the climate there has no superior in the world, as Americans who live in or have visited the section can testify. Products of the soil attain luxuriant growth quickly. The staple crops are sugar cane, cotton, corn, wheat, rice, beans, barley and coffee. The coffee production is an important one at this time, and as many as 300,000 sacks are annually shipped from the Tapachula district alone. Tapachula is an important town on the line, and near it are vast acreages planted in coffee. It is said that the Chiapas coffee is of excellent quality, and it is in great demand in Europe, especially in England.

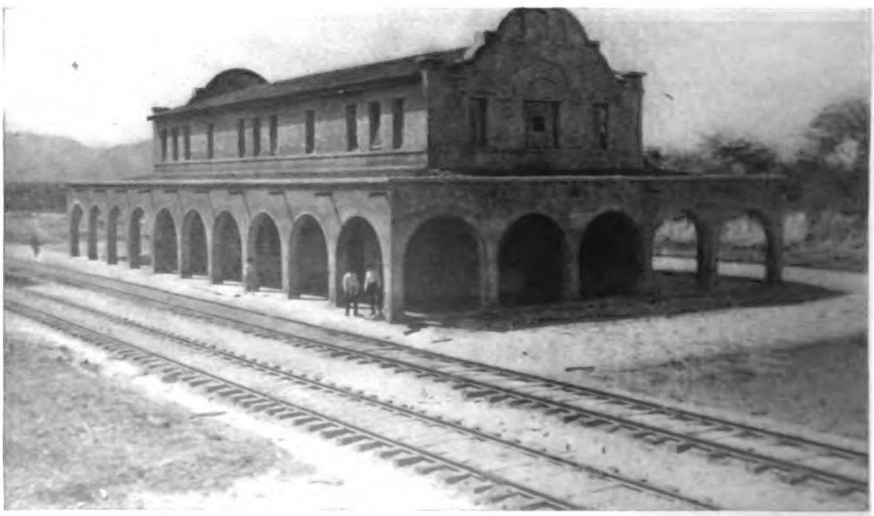
In addition to the crops above mentioned the soil is exceptionally well adapted, on account of its richness of quality, to the growing of fruits and vegetables. Of fruits, pineapples, grapes, oranges, and lemons grow in profusion. The flavor of these products is unexcelled by those of

A Typical Corn Field Along the Line.

either California or Florida, and they can be placed in the New York and other eastern markets within eight days after they are gathered, by transportation over the Pan-American to Gamboa, and there delivered to the Tehuantepec National, which takes them to the seaport of Puerto Mexico, or Coatzacoalcos, from which place they are shipped by steamer to coast cities in the eastern section of the United States.

The sugar production of the Chiapas region is marvelous indeed. The tonnage of sugar cane is greater per acre, there is a larger percentage of saccharine substance in the cane, and the cost of cultivation is lower than in Louisiana, Cuba or the Hawaiian Islands. The yield is from to forty to sixty tons to the acre. Irrigation and fertilization are wholly unnecessary, as the lands are naturally rich and the rainfall is abundant at all times of the year.

Henequen, the plant that grows in the rocky portions of the country, seemingly deriving nourishment from the very rocks themselves, but in reality being fed by



General Office Building and Station at Gamboa, the Northern Terminal of the Line.

roots that shoot down into the crevices where but little soil exists, is also a most important crop, and the quality of it is conceded by experts to be equal to that grown in the State of Yucatan. The cultivation of henequen on a large scale in Chiapas was begun only a few years ago. At present there are 1,200,000 producing plants on one plantation.

And then there is the rubber yield. It is of both the wild and cultivated variety, and experiments have shown that Chiapas rubber is as good as any gathered anywhere. The yield per tree in the Chiapas territory is as follows: six-year old tree, about twelve ounces of dry rubber; seven-year old tree, about 15 ounces; ten-year old tree, about thirty-two ounces.

Grazing Land along the Railway. Picture taken while train was in motion.

On the plains and mountain sides cattle fatten on the luxuriant natural vegetation, and the cattle-raising industry has none of the difficulties that exist in colder climates. Sheep, hogs, cows and goats are being raised in increasing numbers every year. Some of the finest horses and mules of native birth are from Chiapas, and they bring good prices in the markets of the country, which are far from being overcrowded.

On the mountains, at whose bases winds the Pan-American road, great forests of pine offer excellent opportunities to those engaged in the lumber business. In the Pacific slope country immense tracts of Spanish cedar, mahogany, Leche Maria, Juana, Casta, Mora and other varieties of hardwoods are within easy hauling distance of the Pan-American tracks. The forests of the region have up to now been almost untouched, so the future of the timber and sawmill industries is considered to be very bright.

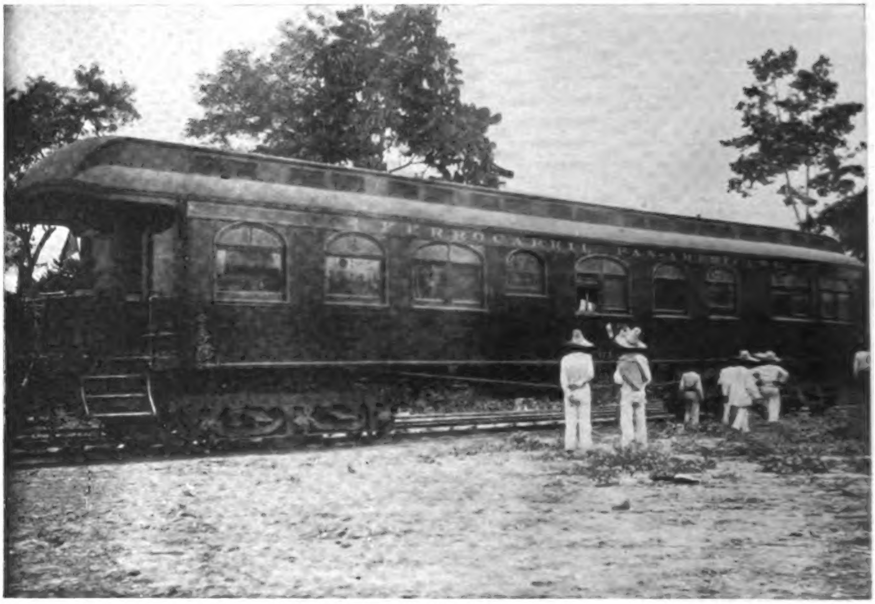
Accessible Markets.

And for all of these products that are necessities to the life, happiness and comfort of man there are eager markets, not only in Mexico but in other lands. The growing and busy towns, ranging from 500 to 5,000 in population, on the road, consume no small part of the products, and the surplus finds ready sale elsewhere. The destructive frosts of the fall of 1909 on the table lands of Mexico, frosts that cut the corn crop of the country millions of bushels (some estimate the loss at $10,000,000) did not penetrate into Chiapas, and the Pan-American recently handled thousands of carloads of the grain yielded by the soil of the lands through which it operates.

Of mineral wealth Oaxaca and Chiapas claim a goodly share. Gold and silver mines are being operated in both of these States with profit to the owners. The mounttain region that is tributary to the road is known to contain ores of great value, but up to the present time exploitation has not been prosecuted with exceptional vigor. Now that the railroad is running through the mineral belts, miners and prospectors are preparing to tempt fortune in a comparatively new field.

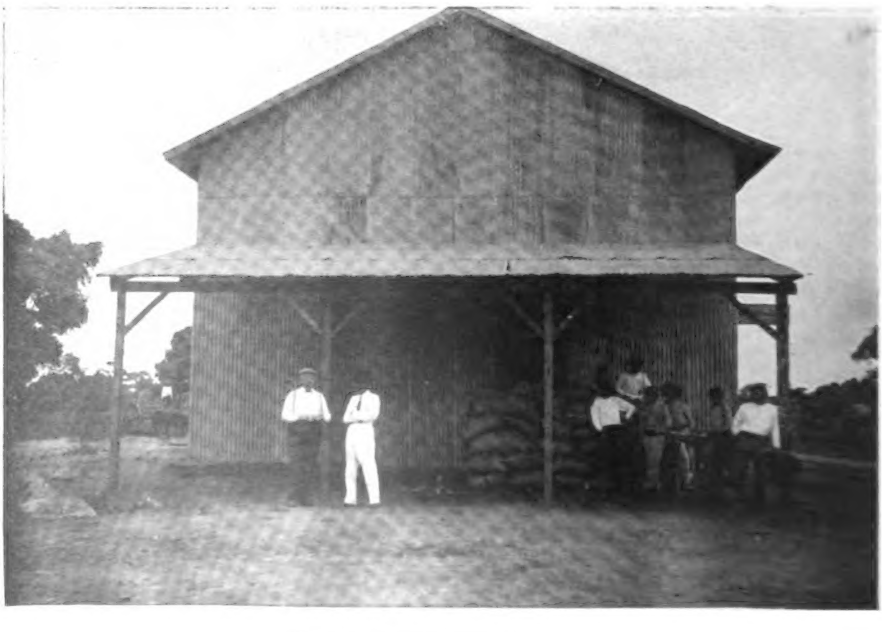
Good Business Outlook for the Road.

As a purely business proposition, one to be considered with extreme care, the pur-



Standard Passenger Coaches like this form a part of the Equipment.

chase of the Pan-American must have been backed by some guarantee that the country through which it operates would furnish transportation business, and sufficient to pay interest on the money expended to the one who might buy the road. Mr. Thompson took everything into consideration, and he soon arrived at the conclusion that his action in buying the road would be one of wisdom. That meant he knew that enough business was in sight to pay him dividends. But it can safely be said



Topuchula Coffee Warehouse.

Station on the Pan-American Railway.

that Mr. Thompson looked beyond, away into the future; he studied the situation with the same care that a physician might exercise in examining some germ under his microscope, and he quickly perceived the possibilities the line offered by reason of its geographical position. It is the only railroad connecting Central America with Mexico, the only one that can be constructed, and therefore the sole link in the long-dreamed of chain of steel rails stretching from Canada to Panama and South America. It is the only railway that can operate in that isthmus section, for under the concession granted by the Mexican Government no line can parallel it for a great many years to come. But suppose those terms were not embodied in the concession; in that event, if anyone should build another road a route would have to be taken over which it would be extremely difficult and costly to construct a railway system, and such a line would be so far from the Pacific coast, as also from the richest agricultural districts, that the proposition would offer no attraction of profit, immediate or prospective.

It is certain, therefore, that the Pan-American is the link of links in the proposed chain of railways, over which, at no far distant day, a passenger from a Canadian city can travel to Panama without alighting from his car. Arrangements to extend the Guatemala Central road to connect with the Pan-American at Ayutla, on the Guatemalan frontier, are now in progress. The line in Guatemala is now only forty-two miles from the junction point.

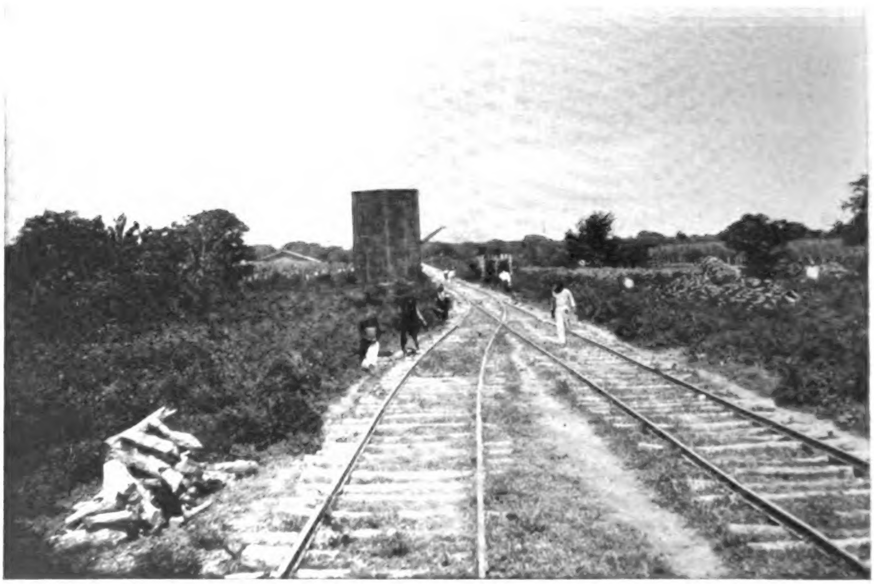
It is the commanding position of the Pan-American road that is responsible for the wide discussion which it is causing. The same fact made its purchase so attractive to Mr. Thompson. That was the real reason why the former diplomatist lost no time in acquiring it when the opportunity

Mr. Thompson and his Messenger on the Pan-American Railway.

presented itself, and when a combination of men was in the field using every effort to buy it.

Mr. Thompson is, concededly, one of the influential Americans in Mexico, and enjoys the confidence of the officials of the Mexican Government. He has also the respect of his fellow American citizens. His rise in the world of diplomacy and business has been rather remarkable. From an humble position, at the age of seventeen, at that time penniless, seeking "just any old job" in railroad service, to a railroad king, owner of a $10,000,000 system, is rather a long jump for the best of men. But such a jump has been made by Mr. Thompson.

Being, in the best sense of the term, a "self-made man," he appreciates in others the qualities that count for most in life. In speaking at a banquet tendered him by the American colony of Mexico City, on his retirement as Ambassador, Mr. Thompson very tersely outlined the principles by which he has been guided. "The whole career of my humble life," he said, "has been one of bluntness and self-reliance; and from the far-back days of my childhood to the present time I have lived in the belief that the man who has the courage of his convictions—whether he reaches the pinnacle of triumph or succumbs to his errors—shall have nothing with which to reproach his conscience, because he who does the best he knows how, fills the measure of his duty."



A Section of the Roadbed.

A Strong Directorate.

The full board of directors of the Pan-American follows: David E. Thomson, president and owner; E. M. Wise, vice-president and general manager; E. N. Brown, president of the National Railways of Mexico; Lic. Pablo Macedo, chairman of the board of directors of the National Railways of Mexico, and general attorney for that system; Lic. Rafael Donde, one of the most prominent lawyers of the Mexican capital; Guillermo Landa y Escandon, Governor of the Federal District of Mexico; John B. Body, General Manager of the firm of S. Pearson & Son, Ltd.; Lieut. Col. Porfirio Diaz, Jr., son of President Diaz and an army officer; Kenneth McLaren, a capitalist of New York.

Any railroad, in any country, could justly be proud of such a board of directors.

Improvements Being Made.

All is now activity along the line of the Pan-American. Wooden bridges are rapidly being replaced with stone and steel structures, iron tanks are being erected, new station buildings of stone and brick are going up, old ties are being replaced with new and much better ones, and plans are being made for the construction of a large iron bridge to span the river that flows between Guatemala and the Mexican State of Chiapas, and which will connect Mariscal, the southern terminal of the Pan-American,

Land on the Line of the Railway will produce three crops of corn yearly.

with Ayutla, just across the stream, and to which point it is thought the Guatemala Central will soon build.

Mr. Thompson is fairly turning things over down on the isthmus. He is getting a railroad ready for business, and getting it ready fast. Very soon tourists and men seeking good investments will journey from many lands to go over this line, there to view the beautiful scenery on every side,

Southern Terminal of the Road.

for nature has done much to arouse the enthusiasm of the beholder, and the business opportunities there offered.

Mr. Thompson returned to Mexico City shortly after the first of the year from a visit to points over his line, and to Guatamala City, capital of the Central American Republic to the south of Mexico.

The president of Guatemala, upon the occasion of the visit of Mr. Thompson, which was for the purpose of asking permission of the Guatemalan Government jointly with the Mexican Government to grant permission for the building of an international bridge across the Suchiate river, on the boundary line, together with terminal facilities covering about two miles of track and connecting with the Ocas road in Guatemala, promised that a decree granting his request would be issued without unreasonable delay, and that it would cover all features for which requests were made.

The Ocas Railroad extends from the Guatemalan port of Ocas into the coffee producing country.

Upon receipt of the decree granting permission for the construction of the bridge, work on the structure, and also upon the terminal facilities will begin immediately, and when completed the 700,000 sacks of coffee that each year go out of Guatamala by way of the port of Ocas to Salina Cruz by sea, and then across the isthmus, will go direct by rail from the Ocas Road via the Pan-American and connections to the Gulf port of Coatzacalcos, thus avoiding the perilous loading at Ocas, which almost invariably damages the export, as the ships have to lie in the open sea, the products being taken to their sides in small boats.

The Central of Guatemala Railroad Company is now engaged in completing the connecting link between its line at Caballa Blanco and the terminal at Vedo Ancho, a distance of thirty miles. When this link is finished there will be a through rail connection from Guatemala City to all places north of that point.

From the time Mr. Thompson arrived at the Guatemalan frontier until he was back on the Pan-American system again he was accorded a continuous ovation. Numerous banquets and receptions were tendered him, and a special train was placed at his disposal for the entire time he was in the Central American Republic.

The Guatemalan chief executive, as well as many Government officials and coffee growers, discussed with Mr. Thompson the direct route for the transportation of coffee that will soon be afforded, and expressed gratification over the prospects of better shipping facilities out of the country via the Ocas Road and Pan-American system and connections.

All of the officials and growers were pronounced in voicing expressions of good will, and desires for closer commercial relations with Mexico and the United States.

Pan-American Shops at Jalisco.

THE MERCANTILE BANKING COMPANY, LTD., OF THE CITY OF MEXICO.

THE Mercantile Banking Company, Ltd., of the City of Mexico, is one of the most progressive and up-to-date banking institutions in the Republic of Mexico.

Since opening up for business in January, 1905, with a capital of $100,000 which was increased to $250,000 in February, 1906, and to $500,000 in December of the same year, their deposits have shown a splendid, healthy increase, at the present time being $3,593,142, almost fifty per cent. higher than shown by their statement of June 30, 1909.

They have a surplus fund of $100,000, and the business is increasing at such a rapid rate that, a substantial increase in capital is considered advisable in the very near future. On the last day of December, 1909, the bank reported, in addition to the capital, deposits, and surplus already given, total loans and discounts of $1,494,860; cash and deposits with city banks $1,724,929; with banks in the republic, $423,125; with foreign correspondents, $203,655; undivided profits, $62,290; and total resources of $4,230,432.

Their banking rooms are located on the first floor of a handsome three storied building which was remodeled some three years ago especially for their requirements, situated on the corner of Avenida San Francisco and Gante street, one of the most prominent locations in the city.

The entrance to the main banking room is from the corner and the offices are equipped with handsome mahogany fixtures of the most modern type and so arranged as to make everything convenient for the patrons.

The directors' room and office of the president, located at the rear of the general banking room, is light, airy and spacious, while that of the vice-president and manager is in the front of the room, convenient to the public.

Home of the Mercantile Banking Co., Ltd., Mexico City.

The offices are equipped with modern devices of all descriptions to facilitate the rapid transaction of the business of the various departments including a large modern vault of steel and concrete which contains an ample money safe of the latest pattern, both fire and burglar proof, in addition to deposit boxes for the use of customers.

The board of directors consist of A. H. McKay, Geo. J. McCarty, K. M. Van Zandt, Jr., W. O. Staples, R. G. Kirkland and A. E. Rodriguez, gentlemen of the highest standing in business and social circles of the city and republic.

The executive force is composed of A. H. McKay, president; Geo. J. McCarty, vice-president; K. M. Van Zandt, Jr., vice-

K. M. VAN ZANDT, Jr.
Vice-President and Manager Mercantile Banking Company, Ltd., Mexico City.

H. C. HEAD
Cashier Mercantile Banking Company, Ltd., Mexico City.

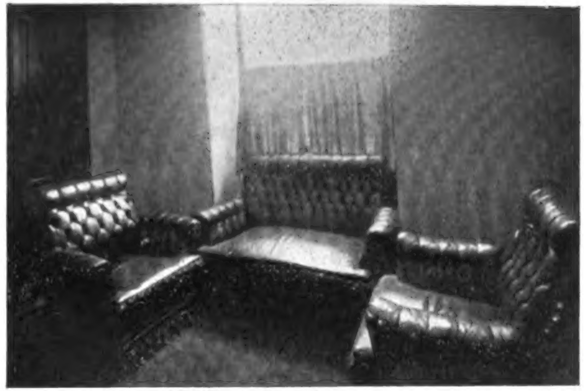
president and manager; H. C. Head, cashier; Shur Welch, assistant cashier, and R. G. Kirkland, secretary, all of whom have had years of experience in banking and financial matters in the United States as well as in Mexico.

The Mercantile Banking Company, Ltd., are members of the Mexico City Clearing-House Association, the American Bankers' Association and the Texas Bankers' Association, and have correspondents in all of the principal cities of the United States, Europe and Mexico.

Owing to their most excellent connections in Mexico, especially throughout the northern and western part of the republic, they are prepared to give unequalled service in their collection department, which is under the personal supervision of the cashier, Mr. Head.

Main Public Corridor from Entrance.

Directors' Room.



A Corner in Directors' Room.

President's Room.

Office of the Vice-President and Manager.

MERCANTILE BANKING COMPANY, LTD., MEXICO CITY.

General Interior View of Officers' Quarters.

The Foreign Department.

MERCANTILE BANKING COMPANY, LTD., MEXICO CITY.

We can heartily recommend the Mercantile Banking Company, Ltd., to any institution, corporation or individual desiring connections in Mexico for the transaction of any class of banking or financial business, as we know that anything entrusted to them will receive prompt and careful attention.

PAN-AMERICAN BANK RECEIVES THE SUPPORT AND ENCOURAGEMENT OF LATIN-AMERICAN DIPLOMATS.

Portraits by Courtesy International Bureau American Republics.

THE New York *World* of February 3 contained the following special dispatch from Washington:

Ambassador de la Barra of Mexico, the dean of the Latin-American diplomats stationed here, to-day spoke enthusiastically of the movement to establish a Pan-American bank, with a branch at each of the Latin-American capitals, a proposition that was seconded by other members of the Latin-American diplomatic corps. The fact that J. Pierpont Morgan will direct the destinies of the proposed bank was favorably commented upon.

One diplomat said that the establishment of the bank might be the means of revolutionizing the currency systems of the various republics, especially if the bank should issue its own currency, to be accepted at par everywhere in all the Americas.

"Mexico's attitude toward the establishment of the Pan-American bank," Senor de la Barra said, "depends largely upon the conditions, as well as upon the position of the United States as a nation toward the institution. There are diplomatic and commercial aspects to be considered. I will state, however, that Mexico will not hinder

Ambassador de la Barra of Mexico.

such a step. My country always has been ready, and always will be, to welcome additional capital which means progressive commerce.

"Our laws will safeguard any Pan-American bank branch that may be opened in Mexico City. Our financial institutions are so strong that we have had only two bank failures in twenty-five years, a record that carries its own appeal.

"Anything that tends for the betterment of Pan-Americanism will be cheerfully supported by Mexico."

The minister from Panama, Don. C. C. Arosemena, was enthusiastic in his indorsement of a Pan-American Bank. He said: "Of the very important policies which are being developed with a view to strengthening the bonds of amity and commercial interests uniting the two Americas, perhaps

DON C. C. AROSEMENA
Minister from Panama.

one of the most important is the creation of a Pan-American bank, bonded by the Government of the United States, with branches in all the capitals of the American republics.

"The far-reaching benefits which all concerned will derive from such an advanced undertaking can hardly be appreciated at this early date, owing to the marvellous progress actually taking place in the southern republics and the diversity of interests actively concerned in the finances of Latin-America. Suffice it to say that of the present foreign debts of the American republics American bankers hold a very small percentage.

"An institution which can count upon the support and good-will of the Government of the United States and which has for its object the betterment of financial conditions and commercial intercourse between the American republics is bound to succeed beyond the wildest expectations of its promoters.

"Panama holds the unique position among the nations of the world of being a 'lender' and not a 'borrower,' but the opening of the Panama canal, with the untold facilities which this water route will afford, will no doubt change conditions, as the material development of the country will be so very rapid as to exceed by far the revenues of the republic and thereby compel my government to borrow in order to develop its natural resources and keep pace with its progressive neighbors."

Dr. LUIS M. LAFINUR
Minister from Uruguay.

From Dr. Luis M. Lafinur, minister from Uruguay, this statement was obtained:

"The necessity and advantage of having a bank in Uruguay has been acknowledged by every important nation in the world, so that we have in Montevideo three or four English banks, two French banks, one Italian bank, one German bank, one Spanish bank and even a Brazilian and an Argentinian bank. The field has been neglected by the United States alone.

"All of the banks mentioned do a good business; not only such business as is incidental to their institutions, but also such as partaking in public works, making loans for the settlement of debts, for the building of railroads, for the extension of trade.

"There is a special need for a United States bank in Uruguay. Now drafts are negotiated by way of Europe, largely through English banks, and such commis-

sions would not have to be expended if the United States had a bank in Uruguay. Now your United States does a business with Uruguay amounting to over two million dollars yearly. A United States bank would develop that business, because now merchants wish to be paid in cash, whereas, they would accept drafts if they could cash these drafts, accepting the usual discount, which could be done at a United States bank.

"Further than this, the head of a banking institution has his finger on the pulse of financial necessities and thus is able to direct capital to its most successful exploitation in commercial and industrial enterprises. The American bank would be the director of American money in building railroads, developing mines and the numerous other paths of progress; this in a nation which, although it is small in territory, is wealthy. Uruguay has more railroads in proportion to its size than any other country of South America. The same may be said of its schools, and, what is financially of import, it has a first-class credit in Europe. It is, furthermore, the only nation of South America that enjoys a surplus of revenue."

DON IGNACIO CALDERON
Minister from Bolivia.

"For a long time I have been one of the most enthusiastic advocates of the establishment of such an institution," declared the Bolivian minister, Don Ignacio Calderon. "It would be the greatest factor in fostering commercial relations between all the American countries. As merchantmen flying the American flag are rarely seen upon the seas, so in the southern republics the American bank is not to be found; while other nationalities, such as

Germany, France, Italy, England, Spain, etc., have their banks, which have been very successful."

"The idea of some American bankers to establish a bank with an agency in Chile is enthusiastically welcomed in my country," said Dr. Anibal Cruz, the Chilian minister.

Dr. ANIBAL CRUZ
Chilian Minister.

"The importation of capital with the purpose of increasing our production and strengthening the commercial relations between the United States and Chile is received with great favor by the people and the government of Chile."

The Argentine Legation gave out this statement:

"Of course, the establishment of such a bank along the lines so far made known and backed by the spirit of new diplomacy which characterizes the new international relations, seems to us a very good thing. Such a banking institution will naturally contribute to bring closer relations between the United States and the Argentine Republic."

DON EPIFANIO PORTELA
Argentine Minister.

Secretary Carbo of the Ecuadorean Legation spoke of the "wonderful opportunities" that exist in Ecuador for the utilization of capital, especially American capital.

"Very few persons, especially in the United States," said he, "actually realize the

DON LUIS FELIPE CARBO
Minister of Ecuador.

wealth of my country. Our need of money is only relative. Capital can be utilized to extend the use of our resources. Any step, therefore, that may be taken now or in the near future to facilitate financial exchange between my country and foreign investors is of inestimable value to the welfare of the entire American continent, with corresponding improvement of the conditions that obtain to-day."

MEXICAN EXCHANGE AND CURRENCY COMMISSION.

UNDER the law of March 25, 1905, a commission was provided for, to carry out certain provisions of the new monetary law. This commission is now composed as follows:

Chairman, ex-officio, the Minister of Finance, Lic. Jose Yves Limantour; vice-president, Lic. Pablo Macedo (one of the members appointed by the Finance Department); Messrs. Javier Arrangoiz, Treasurer General, and Miguel de Mendizabal, Director

of the Mint, ex-officio members; Mr. Ernesto Otto, appointed by the National Bank; Mr. Enrique Tron, appointed by the Bank of London and Mexico; Mr. Frederico Kladt, appointed by the Mexican Central Bank; and Messrs. Andres Bermejillo, Hugo Scherer, Jr., and James Walker, appointed by the Finance Department.

Membership on the commission is honorary, carrying no salary.

Mr. Luis Uhink is at the head of the commission's office.

Vice-President Macedo has recently issued a report, showing that the operations of the commission have been successful.

SPAIN TO MAKE A BID FOR BANKS IN LATIN AMERICA.

CONSUL-GENERAL FRANK D. HILL of Barcelona, furnishes the following information relative to movements in Spain for the enlargement of its commercial and financial relations with Latin America:

According to advices the Bank of Spain is about to abandon its policy of confining its banking relations to the Spanish Peninsula and contenting itself with the role of creditor and banker of the Spanish Government. It is stated that the bank intends to establish branches or at least secure correspondents in the principal Latin-American centres. Important sums of money are remitted every year to the Peninsula by the thousands of Spaniards who have emigrated to Latin America, and the Bank of Spain apparently proposes to establish banking operations in Latin America which will facilitate these remittances. The great area over which Spanish is spoken—it is said to be the official language of twenty-two States—should encourage the bank to extend its operations.

The Banco Hispano-Americano and the Banco Español del Rio de la Plata have branches in Spain. Indeed, the Banco Español del Rio de la Plata is constantly extending its business, as is evidenced by the recent establishment of a branch office in Barcelona, in addition to the branch already at Madrid.

Three Spanish steamship companies have lines connecting Spanish and Latin-American ports, and there has recently been talk of a new line from Barcelona to Porto Rico.

There are many Latin Americans resident in Spain, some of whom are here for business reasons, while others have chosen to establish themselves in the Peninsula permanently or for protracted residence. The local press has recently noted a movement to secure some sort of organization for Latin Americans resident at Barcelona. This colony is estimated at about 5,000 persons. A good deal of the building up of the new quarter,

the Ensanche, is due to these Latin Americans, who have chosen to make Barcelona their home.

All these facts furnish additional arguments for the prompt establishment of American branch banks in Latin-American capitals. Spain, it is plain, has no idea of abandoning her efforts to extend her relations with her old colonies, to which she is united by many ties. There has been manifested practical unanimity in support of the projected Spanish-Cuban treaty.

MEXICAN NOTES.

—A concession has been granted for the exportation and exploitation of coal on public lands in the district of Monclova, State of Coahuila, and in the Salado River Valley. The concession is for a period of ten years, during which time the concessionaires agree to expend in exploration and development work at least $100,000 Mexican silver. For the right of exploitation the concessionaires obligate themselves to pay to the Mexican Government in Mexican silver $500 for the first year, $1,000 for the second year, $2,000 for the third year, $4,000 for the fourth year, the amount to be increased successively $1,000 a year thereafter until the expiration of the term of the concession. The government retains the right to inspect the works, books, and establishments of the concessionaires whenever it may deem proper. With the consent of the Department of Fomento, the concession is transferable to third parties.

—A new railroad company has been organized to build a line from Teziutlan, State of Puebla, through the State of Veracruz, to the port of Nautla, says the *Mexican Herald*. The $2,500,000 gold capital has all been subscribed, and Engineer Leopoldo Villareal, a member of the board of directors, says that the line will develop a region rich in fruit, sugar, coffee, oil, etc., and that the freight on the lemon trade alone will pay the expenses of the road. A branch line will also be operated between Papantla and Misantla.

—A company is being formed in Torreon, Mexico, states the *Mexican Herald*, to build a theatre costing $250,000 gold. The organizer is Francisco Zambrano, the manager of the Banco de Coahuila.

—President Diaz, in compliance with the provision of Article 8 of the law of March 25, 1905, and with authorization granted by the law of November 6 of the same year, has decided that the design of the Mexican one dollar piece, without altering its weight and size, be changed so that the faces of the new coins may serve to commemorate the centennial of Mexican independence. On one side there will be the Mexican eagle surrounded by the inscription, "Mexican United States." On the reverse the principal figure will be liberty represented by a girl with floating hair, mounted on a restless horse and holding in her left hand a torch, while in the right she grasps a branch of oak. Behind this figure the sun, with fourteen rays, will be shown. The edge will have in bas-relief the inscription, "Independence and Liberty."

—Banco Central Mexicano: This institution, located in the Mexican capital and having close affiliations with all the State banks of Mexico, is one of the country's largest and most successful banks, its balance sheet of December 31 last exhibiting a total of $89,579,116.51. The capital is $30,000,000; reserve funds, $6,575,636.37, and deposits and current accounts, $37,311,306.59.

—On December 31, 1909, the Mexico City Banking Company reported total assets $5,563,186.42, compared with $4,492,451.73 on June 30 last, a gain of over $1,000,000. Other increases are shown in the statement at the close of business, December 31, 1909. Surplus and undivided profits June 30 were $218,153.22, while the December statement shows these two funds totalling $360,758.83, of which $205,000 was surplus and $155,758.83 undivided profits. Deposits in the

six months increased from $3,472,177.66 to $4,400,320.74, or $907,869. Herewith is the complete statement as of December 31 last:

RESOURCES.

Cash on hand	$255,789.53
Due from banks in Mexico city	1,379,579.37
Due from correspondents	687,354.61
Stocks and bonds	71,015.00
Loans and bills receivable	2,946,090.13
Furniture, fixtures and lease	29,602.40
Real estate	70,493.73
Overdrafts	123,261.65
Total	$5,563,186.42

LIABILITIES.

Capital	$800,000.00
Surplus	205,000.00
Undivided profit	155,758.83
Uncollected dividends	2,106.85
Deposits	4,400,320.74
Total	$5,563,186.42

At the last annual meeting of the shareholders a dividend of ten per cent. was declared, or two per cent. larger than for the preceding year.

—The balance sheet of the Banco Internacional é Hipotecario of Mexico City for December 31, shows $5,000,000 capital; reserve and provision fund, $584,888.79; mortgage bonds, $17,273,700; total resources, $29,709,634.12. This is one of the largest mortgage banks in Mexico, and has been of great service to the agricultural interests in providing loans on farm property. T. P. Honey is the manager.

—James Walker has resigned as manager of the Banco Mexicano de Comercio é Industria, Mexico City, Rodolfo Stoecker, vice-president of the bank, having been appointed his successor, temporarily. Mr. Walker was formerly manager of the Bank of London and Mexico, and is well-known in Mexican banking circles.

—The Bank of Aquascalientes, Mexico, reported on December 31: Capital, $600,000; reserve funds, $29,551.43; deposits, $1,180,307.68; notes in circulation, $726,230; total resources, $3,014,698.71.

—Mercantile Banking Co.: This well-known and successful American bank in Mexico City made the following showing in its December 31 statement:

RESOURCES.

Loans and discounts	$1,494,860.19
Real estate	18,665.32
Stocks and bonds	276,942.56
Furniture and fixtures	17,831.01
Bank building lease and improvements	70,424.62
Cash and deposits with city banks	1,724,928.54
With banks in the Republic	423,124.70
With foreign correspondents	203,655.16
Total	$4,230,432.15

LIABILITIES.

Capital fully paid	$500,000.00
Surplus	75,000.00
Undivided profits	62,290.44
Deposits	3,593,141.71
Total	$4,230,432.15

The officers of this bank are: President, A. H. McKay; vice-president and manager, K. M. Van Zandt, Jr.; vice-president, George J. McCarthy; cashier, H. C. Head.

—On December 31 the Banco de Nuevo Leon, of Monterrey, Mexico, reported a total balance sheet of $13,477,322.77, compared with $8,615,235.47 on December 31, 1908, or a gain of nearly $5,000,000.

GENERAL NOTES.

—John Barrett, chief of the Bureau of American Republics, recently appeared before the House Committee on Foreign Affairs with a long speech designed to secure the enlargement of the annual appropriation for the Bureau of American Republics to

$75,000 instead of $50,000. The Bureau is doing splendid work, but feels itself handicapped by a lack of necessary funds.

—Secretary Knox, apostle of peace, is urging foreign countries to have their battleships built in the United States shipbuilding yards. The secretary has explained to the House Committee on Appropriations why he wants $100,000 to promote trade relations with foreign countries. He cited the case of Argentina, which has authorized the building of two Dreadnoughts. Secretary Knox said he saw no reason why this country should not build the battleships. As a consequence agents of the State Department are urging the officials of Argentina, a friendly republic, to place their orders in this country.

HON. HENRY LANE WILSON

Who goes as Ambassador to Mexico, served for many years as Minister to Chile, where he accomplished much for the development of better relations between that republic and the United States and learned to speak Spanish fluently. In 1889 he was appointed Minister to Venezuela by President Harrison, but declined the office. His last service as Minister to Belgium has strengthened the confidence of those who know him at to his qualifications for his important duties in Mexico. Mr. Wilson is a skilled lawyer and has had considerable banking experience.

—Consul Frederic W. Goding, of Montevideo, reports that of the $2,585,000 Uruguayan loan of last June for internal improvements, there have been apportioned for the various departments the following sums: Canelones, $57,700; Cerro Largo, $57,700; Colonia, $64,674; Durazno, $29,918; Flores, $33,605; Florida, $27,401; Maldonado, $48,598; Minas, $33,088; Rio Negro, $28,952; Rivera, $41,350; Rocho, $46,530; Salto, $44,017; San Jose, $48,701; Soriano, $46,530; Tacuarembo, $40,740; Triente y Tres, $38,258; a total of $687,762. The money is to be expended in the amplification of the plazas, cemeteries, pavements, municipal lavatories and other edifices, highways, water supply, tree planting, etc. These improvements well illustrate the progressiveness of the present administration.

—Vice-Consul-General J. J. Slechta, at Rio de Janerio, reports that as a result of the transportation congress held in that city recently, a bureau has been established to study the freight rates of Brazilian railway and coastwise navigation lines and to arrive at a basis on which rates may be made lower and more uniform. A similar bureau has existed several years in the State of São Paulo, Brazil. It is the intention to make the movement national. The vice-consul-general says the work will be difficult, owing to the different methods of classifying merchandise adopted by the several lines, and this difficulty must be removed before much progress can be made.

—The Argentine Government has authorized the management of the Central Northern Railway to construct a galpon at Tucuman station and buildings for the storage of telegraphic material and the respective offices. The work will cost $14,553. The plans of the Southern Railway for the construction of the branch from Cooper to Cristiano Muerto are approved. The Buenos Aires and Pacific Railway has been authorized to open permanently the branch from Rivera to Salliqueló. Official approval has been given to the plans presented by the North East Argentine Railway for the type of cart bridges to be constructed over its line.

—The estimated profits of the Banco de la República Uruguaya (Bank of the Republic of Uruguay) for the past year amount to one million dollars. The bank holds deposits for twenty million dollars, of which seven million belong to the government.

—At the close of the year ended June 30, 1909, British investments in the Argentine Republic were recorded to the amount of £23,522,816. In this sum railways represent £14,917,090; government securities, £5,044,-926; and other securities, £3,560,926.

—The progressive and historic town of Bayamo, situated in the Province of Oriente, Cuba, is soon to have a branch of the Bank of Canada. A railroad is building through this rich and productive portion of the island, and railroad communication with the important port of Manzanillo is assured within a short time, and later with the flourishing city of Santiago de Cuba. Bayamo and vicinity is developing rapidly and is a promising field for the investment of capital in agricultural, industrial, and commercial enterprises.

—The new banking law of the Dominican Republic, promulgated on November 15, 1909, provides that banks of issue shall have a capital of not less than $500,000; mortgage banks, $100,000, and *Refaccionarios* banks, or those especially intended to facilitate agricultural and industrial operations by means of privileged loans, but without mortgage, $50,000. Banks desiring to increase their capital must obtain the permission of the Department of the Treasury.

Banks are required to have a reserve fund and to set aside annually ten per cent. of the net profits until the same amount to thirty per cent. or more of the total capital. Banks of issue will not be chartered for a longer period than thirty years, nor mortgage and *Refaccionarios* banks for a term exceeding fifty years, but the government may renew the charters three months before the expiration of the same.

No bank that is established in the Republic shall have its domicile abroad, or place its funds outside of the Republic. Companies organized in foreign countries for the purpose of establishing banks in the country are subject to the provisions of the banking law and to the laws of the nation, and the same is true of branches of foreign banks established in the Dominican Republic.

Banks of issue shall not place in circulation bills amounting to more than their total cash capital. Bank notes of the denominations of one, two, five, twenty-five, fifty and 100 dollars may be issued, the face value in all cases being redeemable by the banks in American gold. All bank notes shall be recorded in a book kept for that purpose by the Department of the Treasury. Bank notes are not a legal tender and are only receivable when they are acceptable to the parties to whom they are tendered.

Banks are not permitted to charge on loans an interest exceeding three-quarters of one per cent. per month, or nine per cent. per annum. Bank capital is exempt from federal taxation, but is subject to an annual municipal and city tax of one mill per dollar on the total amount of the capital.

THIS department of THE BANKERS MAGAZINE is for the benefit of all readers interested in safety deposit. It is open to contributions from any source, the purpose being to make it a place of exchange for good ideas in this branch of the banking business. For reproduction in this department, we would be pleased to receive photographs of safe deposit vaults, customers' rooms, or copies of unusual safe deposit advertisements. We invite correspondence as to new methods of handling this business and approved means of increasing it.

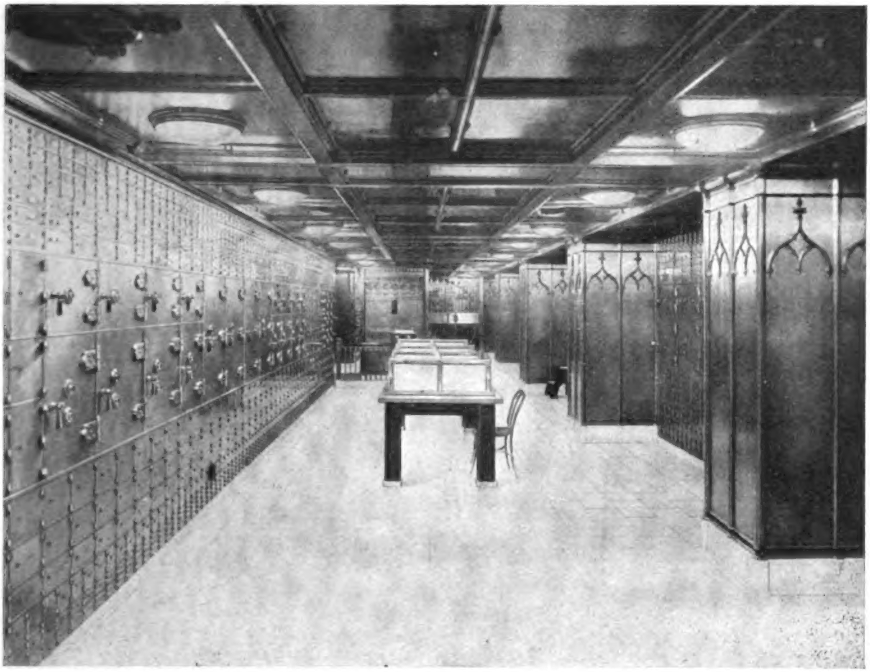
SAFE DEPOSIT VAULTS THAT ARE ABSOLUTELY UNIQUE IN SIZE, DESIGN AND CONSTRUCTION.

By Victor B. Johnson.

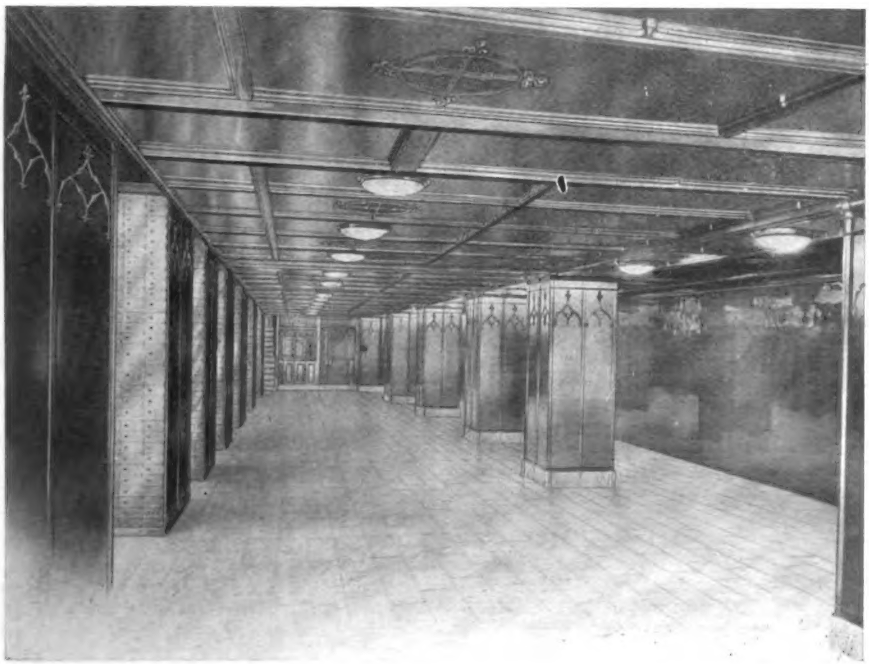
THE extraordinary development of the safe deposit business in downtown New York is evidenced by the fact that the Carnegie Safe Deposit Company has been compelled, within eighteen months of the day that it first opened for business, to install 10,000 additional boxes, which are now being placed in the service of the renters. But with all this additional equipment the Carnegie Vaults will have utilized

ONE OF THE 25-TON DOORS

Open at 8 A. M. and closed at 6 P. M. each business day



Upper Vault



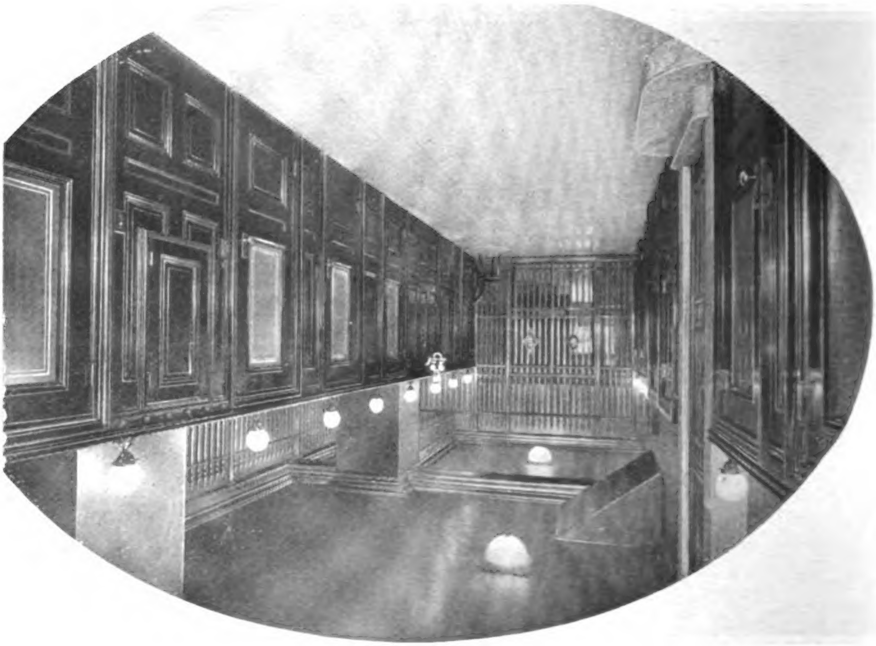
Lower Vault

somewhat less than half of their available space.

This development of business is the more striking by reason of the fact that when the plans for the Carnegie Vaults first became known, the experienced men in the safe deposit business shook their heads and said that a vault adding 30,000 to the number of safe deposit boxes offered in lower Manhattan would never be filled, and that an equipment representing an outlay of over $500,000 was absolutely unwarranted in that line of business.

Built Without Rivets or Bolts.

The component parts of this structure were solid plates of Harveyized nickled steel, forged by the Bethlehem Steel Company. There was no plate weighing less than five tons and some weighed thirty tons, with measurements as great as twenty-two feet by ten feet six inches. The method of fastening this immense structure together is novel, doing away with bolts or rivets. The plates were forged with wedge ends and channels and fastened together by a system of interlocking wedges on the inside of the vault. The result is to give an integral structure so staunch that no force of explosive, or even earthquake can rend it, or disturb its contour. Convincing tests have proved that the best drill goes to pieces against the face of the armor plate.



Coupon Rooms

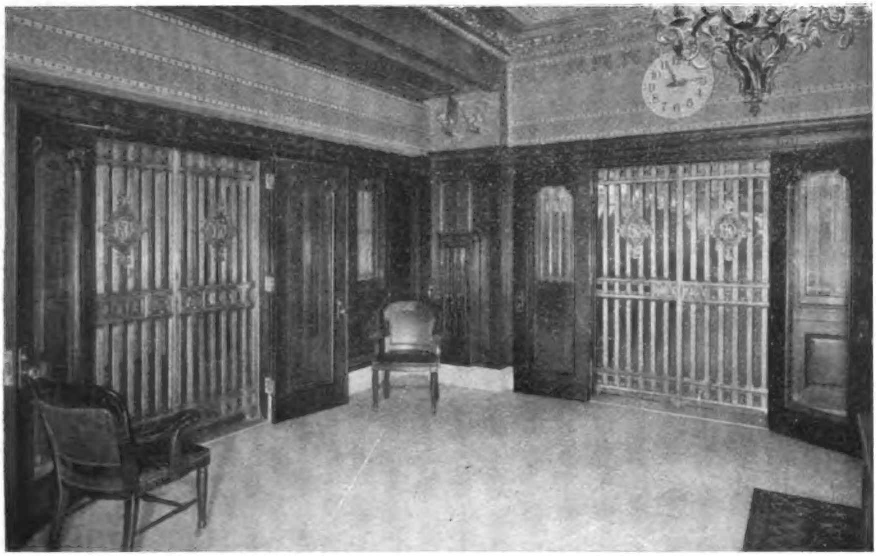
World's Largest Vaults.

The idea of building the largest, strongest and finest safe deposit vaults in the world originated with Mr. Charles C. Dickinson, the organizer of the Carnegie Trust Company, and was in his mind at the time he arranged for the lease of the ground floor, basement and sub-basement of the United States Realty Building at 115 Broadway, then in course of construction. He enlisted the services of William H. Hollar, of the Hollar Company, as designer and engineer of the vaults.

The basement space contracted for allowed the building of a vault one hundred and eight feet in extreme length, thirty feet in extreme width and twenty feet high, divided into two floors. In other words, a structure larger than the average two-story house, inside of a modern office building.

Monster Forgings.

It is interesting to note, by the way, that the two end plates, weighing thirty tons each, are the largest pieces of armor plate ever forged for any purpose. The big doors, one at the Broadway end, and the other facing Cedar street, each weighing twenty-five tons, are pieces which make a strong appeal to the eye by their massiveness. Twenty tons of this weight are in one solid mass of material, eight feet three inches in diameter, while the remain-



Reception Room

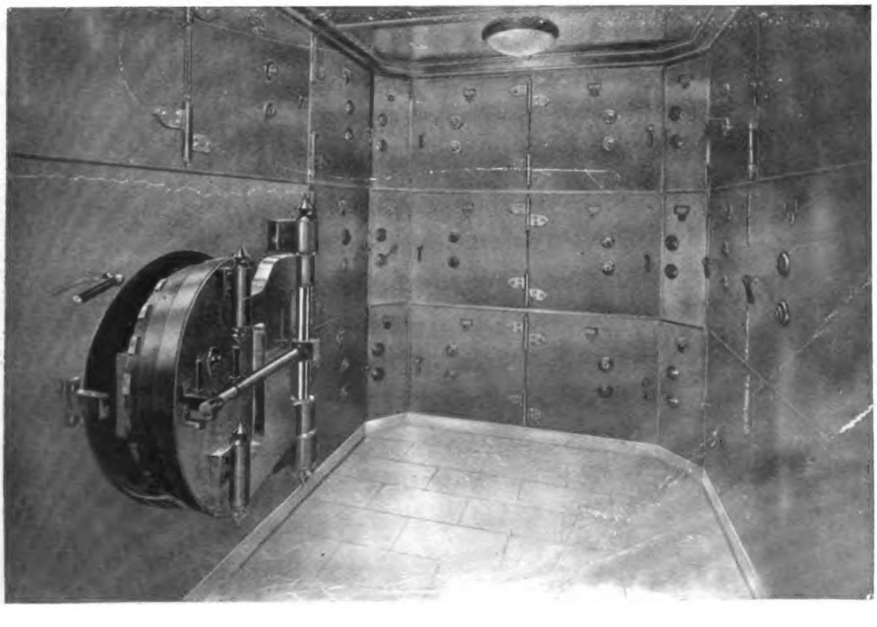
ing five tons are accounted for in the bolt work mechanism. There are twenty-four bolts in each of the doors each weighing ninety-seven pounds.

Locking Mechanism.

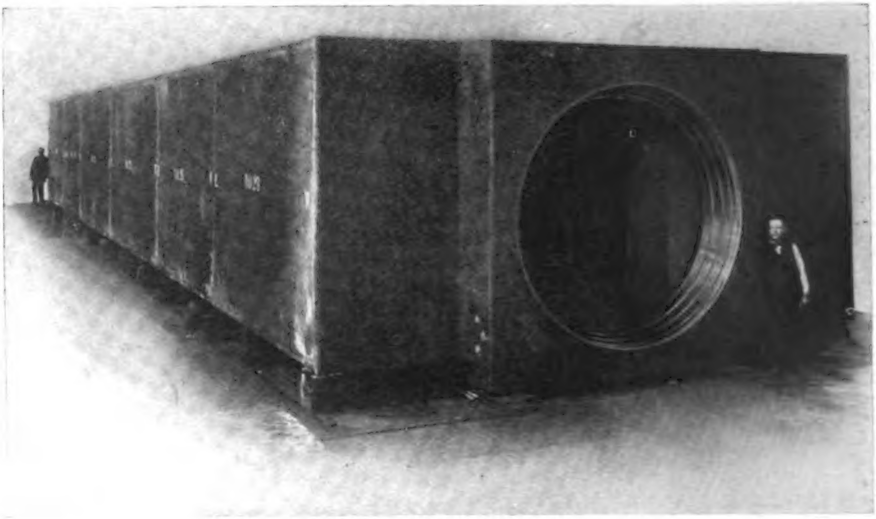
In order to ward against failure of the time clock, there are four clocks on each door, any one of which will suffice to operate the mechanism. There is also an emergency door which is provided with four clocks operating a time lock.

Vault Architecture.

In seeking to combine attractiveness with this immense strength, the builders worked upon designs for the decoration of the vaults, using marble, bronze and polished



Private Vault

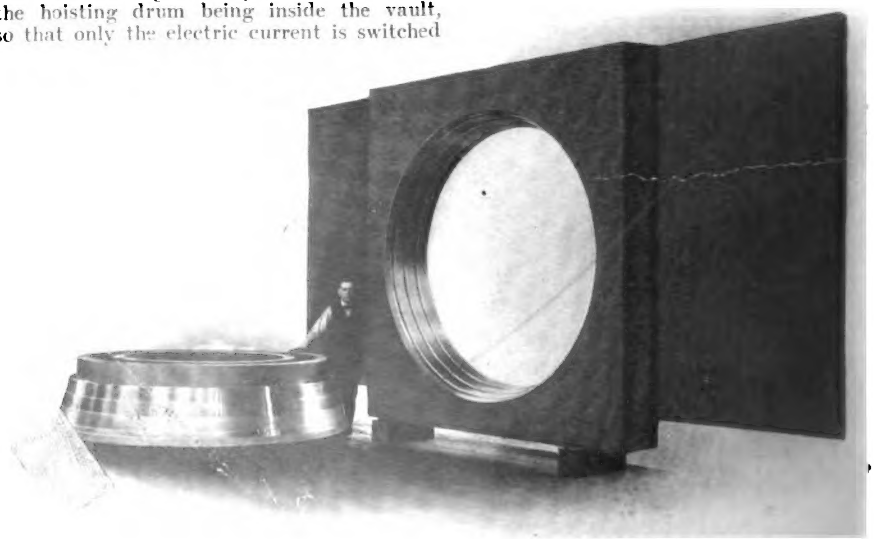


Shop Set-up of Upper Vault

steel for their tones. The general style is an adaptation of the Gothic design used so effectively in the architecture of the Trinity Buildings by the architect, Francis H. Kimball. The bronze ceilings and columns, with marble floors, and the lighting of the vaults from above through opalescent panels, remove altogether the feeling of being in a dungeon.

The boxes are installed on two levels, in all sizes from \$5 to \$500 rental a year. Access to the lower level is given by an elevator running entirely inside the vault, the hoisting drum being inside the vault, so that only the electric current is switched on from the outside in the day time and shut off at night.

In addition to the individual boxes, space was provided in the lower level for the renting of large sections, in which line this company has attracted an unusual amount of business. For corporations and individuals requiring a large amount of space, the plan has been adopted of fitting up these private sections to suit the renter, in-



A Shop View of the 30-ton Front Plate and 25-ton Door

closing behind bronze grilles adequate floor space for clerical work directly at the safes. These private spaces are equipped with telephone and push button systems. The largest individual space ever fitted up in any vault is one of these sections in the Carnegie Vaults commanding a rental of $12,000 a year.

There is an ample number of coupon rooms, in each of which is a telephone, directly connected with local and long distance switchboard. There is also a directors' room capable of accommodating twenty-five to thirty persons, which is available for the use of customers who need such a convenience.

PERFECT VENTILATION.

The system of ventilation worked out by the vault engineers and Griggs & Holbrook, ventilating engineers, gives a direct supply of washed, dried and filtered air, raised or lowered to any temperature, and distributed throughout both the upper and lower vaults. A complete change of air is effected every five minutes while the vaults are open. The connection for this service is made entirely through the emergency door where there is a detachable section of duct that is removed at the hour of closing.

CONVENIENT OPENING AND CLOSING HOURS.

In the matter of hours the Carnegie Vaults made an innovation for the downtown district. They are open from 8 A. M. until 6 P. M., and from 8 until 2 o'clock on Saturday; in other words, giving customers access to their boxes throughout the business hours.

LINCOLN SAFE DEPOSIT COMPANY OF NEW YORK ENLARGES ITS QUARTERS.

WHAT may be done toward modernizing a safe deposit office is shown in the alterations made between the night of December 31 last and the morning of January 3, at the office of the Lincoln Safe Deposit Company, Forty-second street, New York.

This company was established in 1883. At the time of the erection of their building a heavy iron railing was constructed across the front of their safe deposit vault about forty feet and extending out from in front of the vault about fifteen feet. The desks of the clerks and officers occupied the space between the railing and the front of the vault, entirely shut in from the public and approachable only through the main entrance gate leading to the vault and a row of pigeon holes.

The new management, appreciating the importance of getting into closer touch with patrons, in the short time above mentioned had the iron railing moved back about ten feet, placing all the clerks outside of the railing, enclosing the various offices within a

Improved and Remodeled Interior of the Lincoln Safe Deposit Company of New York.

neat bronze rail, in such a way that patrons can enter and come into closer touch with the heads of the various departments.

The change has materially increased the size of the offices and made the entire arrangement much more attractive, adding to the security of the vault by permitting only those to enter who have business therein, and making the clerks more accessible to the public.

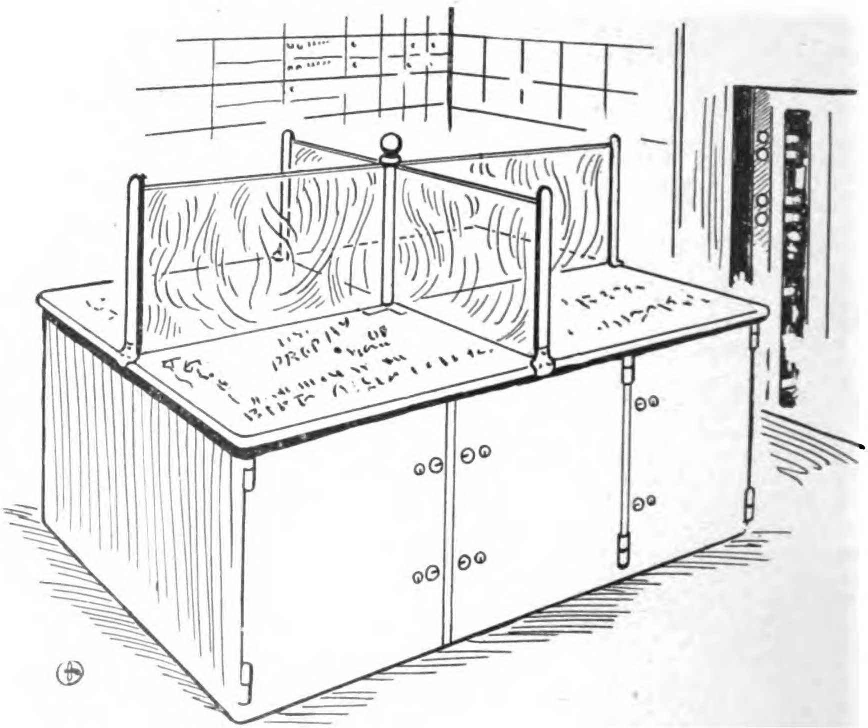
A TIP ON SAFE DEPOSIT ADVERTISING.

By G. P. Blackiston.

WILFUL waste is something now quite unknown in this progressive era of business activity. Nothing is deemed too trivial to be turned to good account. The refuse of former days in the manufacturing of certain articles found its way to the scrap heap. The transformation came when the discovery was made that the ultimate dollar had not been squeezed out of the material. The refuse was then a thing of value and other commodities were manufactured from it.

Thus it is with the apparently dead issue. Countless banking institutions are moving steadily along, blind to numerous advantages which fairly breed themselves within their banking rooms. The Safe Deposit & Trust Company of Pittsburgh, Pa., only recently opened its eyes to what had been considered a dead issue and by careful manuvering it was suddenly transformed into a splendid advertising medium.

In the center of this institution's safe deposit vault—as in the case of every other organization of the same character—is a square table, divided into four sections, where the patrons of the vault transact their business. Hundreds of people enter that vault during the business hours of each day and each and every one opens his box upon one of the four sections of this table.



The square table in the centre of the vault, having a glass top can be utilized for advertising purposes with little trouble. Display cards can be prepared and inserted beneath the glass top where they are sure to be read.

A glass slab, backed by plain blank paper decorated the surface of the table. Here was an evidence of lost circulation. The table was absolutely dead as far as advertising was concerned. But when the transformation came there was a different story to tell. The glass tops were lifted and beneath

were inserted hand decorated signs, calling attention to another department of the Safe Deposit & Trust Company.

The lost circulation was reclaimed. There is no direct evidence that the quartet of advertising cards actually caused more money to be passed over the bank's counters, but it has been and is keeping the company's name before the public. The patrons of the safe deposit vault are kept abreast of the times; they are kept informed of the resources of the institution and told just how excellently and thoroughly that patron's business would be transacted in another department.

Every week the officials of the bank caused these advertising cards to be changed. Every department received publicity. The real estate department was exploited, the bare statement of facts being supplemented by an illustration of a well appointed residence or country scene. The mortgage department was exploited in a manner befitting that branch of the business. So with the trust, investment and other departments.

Every banking institution has overlooked such an advertising proposition for years. Just so many years as they have been in business they have maintained a sample of dead circulation, which could easily be transformed into a live wire advertising medium.

The Safe Deposit & Trust Company management, noting the advantages gained from this vault advertising, extended the plan. The identical dead circulation had existed in other spots. The desks provided for the use of patrons were supplied with simple blotters, which have long been back numbers and which lost their value the second day after being placed on the desks. The blotters were removed and in their places appeared appropriate signs, which, being changed at frequent intervals, kept the Safe Deposit & Trust Company and the worth of its departments before the people patronizing the bank.

Part of the success of the plan was embodied in the originality of the idea. It was something new and attracted attention. The advertising worth resulting from the transformation of these apparently dead issues is inestimable.

EFFECTIVENESS OF PERSONAL SOLICITATION.

MR. John F. Talmage, manager of the Long Island Safe Deposit Company, Brooklyn, New York City, an institution whose vaults are located in the basement of the Title Guaranty & Trust Company building, says that he believes very heartily in the efficacy of personal solicitation or suggestion in getting new safe deposit customers. The Title Guaranty & Trust Company, in its banking department on the first floor of this building, has about 7,000 depositors. A good many of these have been induced to become customers of the Long Island Safe Deposit Company by officers and employes of the trust company calling to their attention the facilities offered by the safe deposit company. In some cases they have even taken them down and shown them the vault personally. It is much easier to get new customers in this way among persons who are already familiar with the location of an institution and possibly have met some of its stockholders through their connection with an affiliated institution than it is to interest total strangers.

SAFE DEPOSIT NOTES.

—Stockholders of the Rochester (N. Y.) Trust and Safe Deposit Company will shortly be asked to ratify an increase of the capital stock from $200,000 to $500,000, and to increase the par value of the shares from $50 to $100.

—The contract for construction of the new safe deposit vaults for the Franklin County National Bank of Greenfield, Mass., has been let to Remington & Sherman of New York, work to begin as soon as possible. The vault will be built with a steel lining two and one-half inches thick, with circular doors weighing something like seventeen tons, of ten and one-half inch steel. The door, top, sides and bottom of the vault will be connected with electric burglar protection, and the whole construction is to be of the most modern and metropolitan type.

—H. B. Craddick, writing in a recent issue of the *Commercial West*, says: When advertising safe deposit boxes you have many things to feature. First, the vault construction and security against fire or damage: size and construction of boxes; methods of locking; prices and rentals. It is also advisable to mention the practical uses to which the boxes can be put. Here is a partial list in this connection: Wills, deeds, abstracts, contracts, leases, mortgages, insurance policies, pension documents, naturalization papers, partnerships, bonds, notes, stock certificates, receipts, jewelry and silverware. And "there are others."

—According to a recent report of the New York State Superintendent of Banks, O. H. Cheney, there are forty-five safe deposit companies, exclusive of the Maiden Lane Safe Deposit Company, New York City, engaged in business in the State. The recovery of a heavy judgment against the Maiden Lane institution has impaired its capital, which is to be restored soon by an assessment of stockholders.

—The Grove City (Pa.) National Bank is having new vault equipment installed by the York Safe & Lock Company of New York, and will hereafter make a specialty of renting safe deposit boxes. A circular door, weighing eight tons, built up of five-ply chrome steel plates of the highest tensile strength, will guard the entrance. This door will have an over-all thickness of thirteen and one-half inches. The locking mechanism will consist of twenty-four heavy round steel bolts spaced about eight inches apart and operating in all directions from the centre around the entire door. This bolt work will be checked by two latest improved burglar proof combination bank locks, and will be additionally protected by a four-movement, seventy-two-hour time lock.

—A newspaper dispatch from South Norwalk, Conn., says:

The work of moths saved a small fortune in good United States bills from destruction by fire in Walton.

The shabby old clothes of Mary Spitzer, who died recently, were about to be consigned to a bonfire when through a moth hole in an old waist the gleam of a yellow back was seen. Some of the garments had been burned, but in this waist and two skirts nearly $3,000 was found in bills that ranged from one dollar to one hundred dollars. There is no knowing how much was lost in the fire, and it is now planned to open the grave and examine the clothing in which the woman was buried, in the hope of finding more treasure.

Mary Spitzer for many years lived the life of a miser in an old hut near Bald Hill. She lived on herbs and things she secured by bartering roots and medicine. When she died the town was about to pay the funeral expenses when a sister appeared and made all arrangements.

News of this character appears almost daily and some of it might be used as a compelling argument in the advertising copy of the wide-awake bank or company with vault space to sell. We have reproduced sample ads. of this kind in previous numbers of the magazine.

NEW COUNTERFEIT $1 SILVER CERTIFICATE.

SERIES of 1899; check letter "B;" face plate number 4810; back plate number 2844 or 2344; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States. Portraits of Lincoln and Grant.

The sample under inspection is one that would easily deceive the ordinary handler of money. The face and back are printed on thin paper and between them is pasted a third sheet to give them the required thickness. So much paste is used in the making of the note that it has a very rough and stiff feeling. It seems to have been printed from etched intaglio plates of mediocre workmanship which show evidence of an attempt to supply missing details by the unskillful use of the graving tool. This is chiefly noticeable on the back of the note where the words "one dollar" in the marginal panel, upper right of note, have been scratched in. In the lower center of the note under the words "of America" there is much rough work with the graver, producing an effect like thorns in what should be lathe work. The final "e" in the word "certificate," lower center of the back, has been scratched in in a very crude manner, and the plate number on the back was evidently scratched in after the plate was etched. In the middle of the numeral "1," which appears at the left and right end back of note, there is in the genuine an ornamental design with considerable detail. In the sample under observation that ornamental work is merely outlined and suggested. The color of the seal, numbers, and denominational figures on the face of the note is pale compared with the genuine, and the numbers are badly printed. In the note under inspection the serial number is R99-121192, and the last three figures appear to have been put in separately and then touched up with dark-blue and white water colors, most of which disappears on the application of moisture. The print of the face of the note is three-sixteenths of an inch short. This may have been due to a shrinking of the paper, but is more likely the result of too much reduction in transfering to the plate before etching. This note made its first appearance and was detected at Newark, N. J. A few bits of coarse and raveled silk twist have been inserted between the pieces of paper in one place in the note under inspection.

JOHN E. WILKIE, Chief.

HEARTILY INDORSED.

J. PIERPONT MORGAN, at the diocesan convention in New York, amused a group of clergymen with a story of a minister. "He was as ignorant, this good man, of financial matters," said Mr. Morgan, "as the average financier is ignorant of matters ecclesiastical. He at once received a check—the first he had ever got in his life—and took it to a bank for payment.

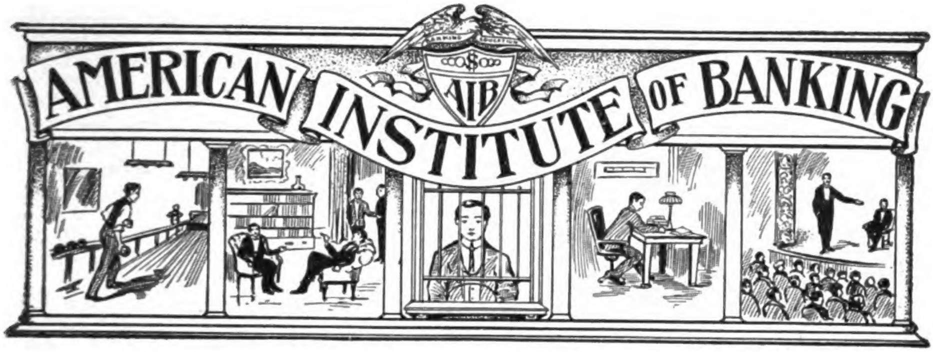
" 'But you must indorse the check,' said the paying teller, returning it through his little window.

" 'Indorse it?' said the old minister, in a puzzled tone.

" 'Yes, of course. It must be indorsed on the back.'

" 'I see, said the minister. And turning the check over he wrote across the back of it:

" 'I heartily indorse this check.' "—Boston News Bureau.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

NEW YORK CHAPTER BANQUET.

By H. L. Tompkins.

TIME was when the annual banquet of New York Chapter was regarded as a purely social event. Indeed most of us have fallen into the error of using the word "social," even within the last few weeks—but the banquet over and soberer senses having returned, it is evident that while the sociability may be manifested among a greater number of individuals than is the case on ordinary meeting nights, the banquet itself is really the greatest educational event of the chapter season. Certain it is that at no time in its history has New York Chapter ever entertained so many of its friends under one roof as it did on February 8, at the Hotel Astor, and it is equally certain that better speakers, gay or serious (and there were some who could be both within a short space of time) were never listened to at any banquet of the chapter or elsewhere.

Beginning with William M. Rosendale, president and toastmaster, who was very happy in his opening speech, as well as in each of his introductions, down to the last speaker of the evening, there was no note which jarred upon the senses or otherwise spoiled a harmonious whole.

Mr. Pierson, president of the American Bankers' Association, led off the ball with an address, in which he spoke seriously of the possibilities of the institute movement, of which he was and is one of the sponsors. The future of the men who took part in the work of an educational organization such as the institute, he prophesied without any hesitation. They would be, he said, the administrators eventually of the financial affairs of the nation, because they would be trained in their profession as no bankers of the past had ever had the opportunity to be. He spoke for even a closer union between the Bankers' Association and the Institute and advocated a plan whereby the official journal of the older association and the "Bulletin" of the younger might be printed under one cover, thus bringing the members of the two associations into closer knowledge of each other's doings, and he asked for the united support of the Institute members for the great questions upon which the Bankers' Association have recorded their opinions.

The Rev. Dr. Aked, who followed Mr. Pierson, congratulated the chapter (as, in fact, all the speakers did) upon its numbers and upon the work it was doing. His was an inspiring address, upon the theory of hitting the right nail on the head often enough to result in the "luck" of driving it in. Dr. Aked was as eloquent as his reputation has made him out to be, and while he said it was a dangerous thing to introduce a man of his profession into a speaker's rostrum so closely resembling a pulpit, it is doubtful if any one present regretted the earnest words of incentive to keep adding to the right side of the account—the side of right living and right doing. He urged his listeners to a broader consideration of national questions and to become "bulls" on the country every one. The exploitation of national resources —this, he said, is the work of democracy. He quoted Bright's words in answer to Gladstone, "That over all the land there would be one people, one nation, one flag—the home of liberty and of the oppressed of every race and clime." He regretted, as does Mr.

Bryce, our seeming inability to govern the cities and urged all to take a fuller interest in that phase of political endeavor.

Mr. McLean, the editor of the *Brooklyn Citizen,* took occasion to poke some fun at Dr. Aked, apropos of some statements he had made concerning the "deadly accuracy of the American press," and incidentally paid his own borough a tribute as to its ability to furnish more than a bare majority of officials to help govern the metropolis. Then he went further back, and in reference to Mr. Pierson's opposition to postal savings banks, remarked upon the influence of the press, that had the public paid more attention to the American Bankers' Association and less to the press, there would have been no postal savings bank question. His address was directed to the bankers' abilities to make and unmake war by the power of the dollars over which they had control. The greatest power in the world making for peace, he said, yet he was not himself a peace-at-any-price man. He believed that the time was not yet when disarmament could be brought about. There were righteous wars, and the banker of the future would finance them, as he had done in the past, but the unrighteous wars would cease as soon as bankers were educated up to their moral responsibilities.

Mr. Roy, the assistant district attorney of King's county, could hardly be said to have paid a tribute to "Our Friends, the Liars," although they were the subject of his remarks. Since the first conversation recorded in history, Mr. Roy said, the liars had been with us and they were divided into six classes, white, black, yellow, damned, dandruff-cures and expert testimony. In his official capacity he seemed most often to have come into contact with the last named, though, as he said, in courts lying was not confined to experts. He paid a tribute to honesty in the abstract and to the public love of honesty in the concrete. For, he said, the love of honesty is proved even by the politicians, whose first endeavor is always to convince their constituents of their absolute uprightness and good behavior in the office to which they aspire.

Following Mr. Roy, William J. Burns, president of the Burns-Sheridan National Detective Agency, gave a history of the discovery, arrest and conviction of the two men who counterfeited the $100 bill a few years ago; the best counterfeit ever made, he said. Mr. Burns' twenty years in the government secret service has given him a fund of information upon which to draw in describing his experiences at this kind of work, and he was listened to with interest by the men through whose hands pass millions of dollars of good money and upon whose skillfully trained eyes the government depends, as Mr. Burns was good enough to say, for the arrest of and description of counterfeit money.

DETROIT HAS SOME LIVELY MEETINGS.

DETROIT CHAPTER has been busy during the winter so far, holding regular meetings twice each month and law class alternate Tuesday evenings. About fifteen are enrolled in the class in Banking and Commercial Law, under the leadership of Sherwin A. Hill, formerly a clerk in the Commercial National Bank, now with the firm of Shaw, Warren, Cady & Oakes. Mr. Hill is a very good instructor and the class is making good progress. During the season we have been addressed by some of Detroit's best informed men, among others, Circuit Judge A. J. Murphy; R. W. Smylie, manager Credit and Auditing Department of the People's State Bank, on "Bank Inspection"; M. J. McGuirl, astronomer, on "The Planets and Halley's Comet"; Dr. J. M. Cooper, on "The Eyes"; Mayor Philip Breitmeyer, on "The Young Man in Municipal Affairs," besides other good speakers.

The best meeting of the season was held January 11, when we had an "Old Boys' Night," with talks by former presidents, B. G. Vernor, Richard T. Cudmore, John H. Hart, and George T. Courtney, and Messrs. John Gillett, Walter G. Toepel, Harry H. Ellerton, Joseph Grindley and others. All of these men are roll of honor men, having been clerks when they joined the chapter, but being afterwards promoted to officerships. The last item on the programme was a mental addition contest. The first prize was won by C. E. Partridge of the Dime Savings, second by Irving Baker of the First National. It is a noticeable fact that contests in footing are generally won by the men who were at it before adding machines were invented. A recent meeting consisted of an adding machine contest on "Burroughs" machines. "Gil" Beasley of the People's State Bank won first prize, 150 checks in two minutes and twenty-nine seconds. "Gil" is hard to beat and we will soon have to match him with some of the "record breakers."

Our meeting of January 28 was addressed by Hon. Frank E. Doremus, City Controller, on "The City's Finances," and M. B. Moon, manager of the First National bond department, on "Bonds." William E. Wandersee furnished selections by Caruso, Melba, Schumann Heink and other grand opera singers, and Detroit's noted tenor, Harold Jarvis, on his fine phonograph.

The last additions to the roll of honor are E. J. Eckert, from assistant cashier to cashier of the Home Savings Bank, and Theo. F. A. Osius, who has been elected assistant treasurer of the Wayne County Savings Bank.

Good things are in store for members of the Detroit Chapter for the rest of the season. A contest has been started for new members, a prize being offered for the mem-

ber bringing in the largest number of applications--round trip, including berth, to the Chattanooga convention,—and we anticipate quite a number of additions to our membership.

Rumors of a minstrel show are in the air.

AN EDUCATIONAL PROGRAMME CHICAGO'S ANNUAL BANQUET.

By Edward White.

IT would be difficult to evolve a more practical, sensible or beneficial programme for an evening's entertainment than the one conceived and executed by the banquet committee of the Chicago Chapter at its annual banquet, February 5. Aside from the splendid spread provided in the gold room of the Congress Hotel and the musical and minstrel entertainment furnished, each one of the five addresses included in the programme was in itself a distinguishing feature—a model of sound advice and competent suggestion. It is safe to say that very few organizations of any kind ever provided a series of after-dinner talks with a wider range of practical business subjects, or that were handled by more able speakers than those who addressed Chicago Chapter at its "annual" this year.

In "The Banker of the Future," Col. George T. Buckingham did not engage in idle predictions or prophecies. He simply showed what the future holds by unveiling a picture of past achievements.

Prof. Francis W. Shepardson, of the University of Chicago, used "The Individual in a Republic" as a theme for making clear to members of Chicago Chapter the possibilities of individual effort in life.

Mr. James K. Ilsley, president of the Marshall & Ilsley Bank of Milwaukee, spoke on the "Guaranty of Bank Deposits in Oklahoma," making a clear presentation of a close personal study of the question.

"Reclaiming the Desert," by Mr. Edmund T. Perkins, engineer in charge of the United States Reclamation Service, was a most comprehensive treatment of this important subject.

"The Value of an Ideal in City Building," by Mr. Harry A. Wheeler, vice-president of the Union Trust Company, was really an epic in construction as well as a formal lesson in genuine municipal greatness.

By choosing most of the speakers outside the field of practical banking, and permitting them to select their own subjects, the programme was made to cover a wide range of human possibilities, and to show the members the sort of composite citizen a banker must be; that his future must be an improvement upon the achievements of those who precede him; that he must rise to the highest order of individualism; that he must study banking questions closely and without prejudice; that much depends upon his interest in the reclamation and utilization of the desert wastes, and that municipal greatness means municipal beauty and civic glory.

The toastmaster of the occasion was Mr. Robert B. Armstrong, formerly Assistant Secretary of the Treasury, and the invocation was delivered by the Rt. Rev. Samuel Fallows, D. D., LL. D.

President Lester Burdette Brady presided.

The following gentlemen were on the banquet committee: P. P. Thorston, chairman, Western Trust & Savings Bank; E. T. Gillmeister, secretary, Western Trust & Savings Bank; Robert Gadsden, Merchants Loan & Trust Company; J. B. Schnell, Metropolitan Trust & Savings Bank; Frank Nason, First National Bank; Harry Grut, Continental National Bank; Ed. F. Schoeneck, Corn Exchange National Bank; E. J. Goit, Commercial National Bank; Walter Johnson, National Bank of the Republic; A. F. Moeller, Foreman Brothers Banking Co.; O. A. Bestel, First Trust & Savings Bank; H. L. Benson, Union Trust Company; Fred Musgrove, Illinois Trust & Savings Bank; Victor E. Edgren, Northern Trust Company Bank; W. A. Roberts, Live Stock Exchange National Bank.

LOS ANGELES ENTERTAINS THE LADIES.

LOS ANGELES CHAPTER of the American Institute of Banking recently entertained the members, their friends and ladies at a musical recital given in the chapter rooms. The date, January 20, 1910, fell upon the closing day of the aviation meet, so that the bank boys' gathering made a most pleasing finish to the exciting period of flying just closed. And the records for attendance and general good time were broken at this social as easily as the great Paulhan gathered in the prizes at Dominguez field.

The boys and their ladies gathered early and spent a pleasant hour showing the strangers the sumptuous quarters, the lounging rooms, the library, the billiard room and the various trophies that adorn the walls.

Then all adjourned to a larger room and awaited eagerly the expected treat. The artists of the evening were Mr. and Mrs. Harry Girard, assisted by Laura Seymour Wheeler at the piano. Mr. Girard is no stranger to most of the boys, as he put on the last show given by the bankers, a great success; and he is also the composer of the new comic opera, "The Alaskan."

The programme was a delight throughout. There were selections from grand opera by Mr. Girard, which could not have been better rendered on any stage, or so it seemed to those present; and his interpretation of a collection of Irish songs brought down the house. Mrs. Girard sung five numbers, three

of them dainty things by Chaminade, and proved herself as delightful an entertainer as her talented husband. The programme ended with a most effective duet, and the three artists were given such a storm of applause as only bank men can give when they are feeling just right.

After the musical feast came another one, the good things to eat and drink, served in a vine-clad alcove by people who knew how.

And after that it was time to go home.

This musicale was so full of delight that the boys are going to have more of them in the future, and just as near like this one as is possible. And on that the ladies are all with them.

CHICAGO CHAPTER—JANUARY ACTIVITIES.

By Thomas J. Nugent.

CHICAGO CHAPTER can look back over the first half of the chapter year with feelings of pride and elation.

The lectures of Mr. James I. Ennis on commercial and banking law continue to attract large and appreciative audiences. Professor Kennedy's political economy class also comes in for a large share of favor by the members. His lectures have been unusually well attended and the interest keen. Both of these gentlemen have the happy knack of combining simplicity with excellent delivery, thus keeping the attention of the class and a corresponding regular attendance.

The debating society has had some lively sessions. The round-table discussions, hat-talks and debates are very instructing and worth any man's time. On January 4 Professor Arthur Edward Phillips, of the Phillips School of Oratory, this city, was the lion of the evening. He delivered a talk on "Effectiveness in Speech," which was a rare treat. To those interested in public speaking (and all present were to a greater or lesser degree), his remarks were of inestimable value. He gave a very clear and concise outline of his method of teaching effectiveness, embellishing it with some of his original tone drills for developing the voice.

Professor Phillips was followed by a debate on the subject, "Resolved, That the United States should establish a permanent tariff commission, with power to fix rates." F. E. Musgrove, Illinois Trust & Savings Bank; Harold W. Dorn, Commercial National Bank; J. J. Schroeder, National Bank of the Republic, took the affirmative. The negative side was defended by Robert E. Heineman, Fort Dearborn National Bank; Robert I. Simons, Merchants Loan & Trust Company; Elmer Stevenson, Continental National Bank. Professor Phillips, Fred W. Ellsworth and Craig B. Hazlewood acted as judges, Professor Phillips also acting as critic. The affirmative side was declared winners on points. It was a very ably handled debate and the discussions were good.

The general chapter meeting of January 11 was graced by the presence of several notables. George E. Allen, educational director; Fred A. Crandall, vice-president National City Bank, Chicago; A. Waller Morton, assistant cashier National City Bank, Chicago; and Ralph C. Wilson, assistant cashier Commercial National Bank. A. W. Johnson of the First National Bank entertained with a few piano selections, after which Professor Kennedy took up his lecture on "Stocks and Bonds." The lecture was good and well received. Following Mr. Kennedy, President Brady called on Mr. Allen for a few remarks. He responded in his inimitable and sincere manner, confining himself to the subject of education and the future of the bank clerk. Messrs. Morton, Wilson, Crandall, and Ellsworth were each called upon for little talks, and all responded in a light and humorous manner.

It is our pleasant duty to record the names of three Chicago Chapter members who have "gone up" and entered the charmed circle of officialship since the first of the year. They are John F. Hagey of the First National Bank, formerly of the legal department, now assistant manager Division "F," banks and bankers, succeeding Herbert W. Brough, deceased; Craig B. Hazlewood, new business manager of the Union Trust Company, now assistant secretary of that institution; Roy C. Osgood, formerly attorney for the trust department First Trust & Savings Bank, now assistant trust officer. Mr. Osgood is a one-time editor of the *Savings and Trust Review*, now a part of the BANKERS MAGAZINE. All are of the highest type of bank men, good square fellows and bound to rise to greater successes in their profession.

BOSTON HEARS SOME GOOD TALKS AT THE JANUARY SESSION.

ON the evening of January 19, at an open meeting of the chapter, the speaking was preceded by an enjoyable half hour of music by the chapter orchestra, under the leadership of L. F. Ormes. President Wiggin presided and first introduced Henry D. Love, chief bank examiner of the Audit Company of New York, whose subject was "Detail."

Mr. Love called particular attention to the fact that a knowledge of detail is essential to the best leadership. He assured us that merit only was the basis of advancement and that "pull" has little or nothing to do with it. Many of us may not accept this last statement wholly, but most of us will perhaps admit that merit is generally recognized—except in our own case.

Roland W. Boyden, of the well-known

law firm of Ropes, Gray & Gorham, presented in an original and entertaining manner a paper on "Some Popular Forms of Dishonesty," and convinced all those present that the bank clerk returning from his annual vacation in Europe, who tries to smuggle in some diamonds, is really in the same class with the sugar trust, or even the man who took home a couple of pencils or half a pint of ink for his wife's desk, on leaving the bank, as recently as last night, was keeping pace in a degree with "those higher up."

The programme was concluded by a carefully prepared paper by Henry Clews, of Henry Clews & Co., New York City, on "Reasons Against a Central Bank and Postal Savings Banks." Mr. Clews felt that the present system works sufficiently well to provide the banking facilities really needed by the country, and there is very great danger in the centralization of power, such as would follow either the establishment of a central bank or a postal savings bank system. It would also serve as a discouragement to all other banking enterprises.

SPOKANE CHAPTER IS GROWING.

THE Spokane Chapter of the American Institute of Banking is making a rapid growth in membership, and it has been found necessary to get more commodious quarters for the young men. The institute has now moved into the annex of the Exchange National Bank building. The total membership is now about 100. One of the most successful ventures of the chapter along educational lines has been a class in commercial and banking law, under the instruction of Attorney J. T. Burcham. The course has been running for several weeks and meets weekly from 4:30 to 6 P. M. in the chapter rooms.

SEATTLE.

SEATTLE CHAPTER started its year's work last October, with meetings every other Tuesday. A series of law lectures on contracts, under the auspices of Adelphi College, was instituted at that time, and has been the chief feature of each meeting. Lectures have also been given by several prominent citizens of Seattle on "Trade Relations on the Pacific Coast," Alaska and on Seattle's great parking system.

Since Christmas the law lectures have been given weekly, and the general meetings will be held hereafter on the first Tuesday of each month, when a smoker, with a debate, or some special form of entertainment will be featured.

A committee has been appointed by President Pettitt to draw up an entirely new constitution for the chapter, consisting of W. H. Crawford, of the National Bank of Commerce; Charles Norman, of Dexter-Horton Company, and George R. Martin, of the Seattle National Bank.

LOS ANGELES ELECTS NEW PRESIDENT.

GEORGE S. GREENE, for a long time teller in the First National Bank, has been elected president of the Los Angeles Chapter, American Institute of Banking, to succeed Charles G. Greene, who is cashier of the Merchants National Bank. It is a general belief in the A. I. B. that bank attaches who are officers of the banks, from assistant cashier up, should not hold office in the local chapters.

SAN FRANCISCO CHAPTER.

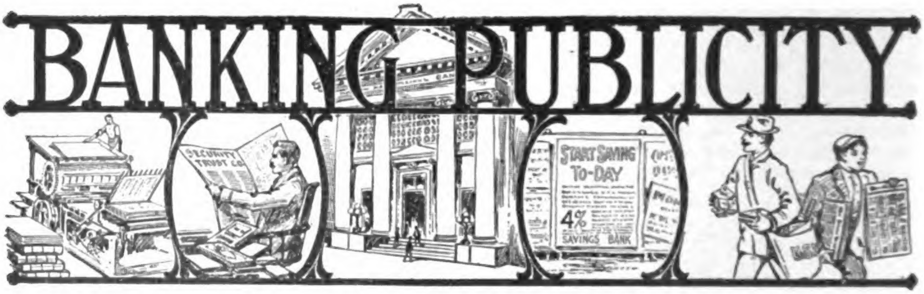
ARTHUR D. OLIVER, assistant chief clerk of the Wells Fargo-Nevada National, is the winner of the $25 cash prize offered by the San Francisco Chapter for the best paper on the subject, "How I Would Examine a Bank." The judges were James K. Lynch, vice-president of the First National; I. F. Moulton, vice-president of the Bank of California, and Charles K. McIntosh, vice-president of the San Francisco National. M. Ehrmann delivered an interesting address on "Bank Escrows" befor the San Francisco Chapter on the evening of January 27.

DRAFT FIFTY-TWO YEARS OLD IS HONORED BY BANK.

FIFTY-TWO years ago the late George Gridley, for years a prominent resident of Libertyville, Ill., but then a poor California gold-seeker, purchased a draft for $100 from the banking house of D. O. Mills & Co. of Sacramento. He brought it back East with him when he gave up his search for wealth in the California gold fields, and for fifty years the draft lay forgotten among his private papers.

Two years ago Mr. Gridley died, and his sons, J. S. and G. C. Gridley, cashier and assistant cashier, respectively, of the First National Bank of Libertyville, in going over his effects found the draft. They forwarded the draft to the Mills bank, and received word that it had been honored and that the $100 was on its way to Chicago.

The draft was made payable to the American Exchange Bank of New York, and after the sons had looked up both institutions and found them to be in existence still, they forwarded the draft to Sacramento.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 253 Broadway, New York.

Conducted by T. D. MacGregor.

BOOSTING THE COMMUNITY.

How A Western Bank Helps Itself By Advertising A Local Industry.

LEON F. TITUS, cashier of the First National Bank of Traverse City, Mich., furnishes us with the following article descriptive of that bank's work along publicity lines:

Many interests are aiding in the bringing of the Grand Traverse fruit development and opportunities presented by this region to the attention of the state and country at large. One institution which has done considerable work in this line is the First National Bank. Its officers have taken an active interest in this development and an active part in the work of building up the welfare of the region as they realize that upon the thrift and success depends the prosperity of the community; also they believe that the future, in the next few years, has great things in store for this region.

Our activity in this matter has been along various lines. And I believe that the results attained have been worthy of all effort. We believe we have worked intelligently in this as our efforts have been all along a definite line and our system has been so complete that we are able to check the results and hence are in a position to judge the effectiveness of our campaign.

Considerable work has been done by the bank to bring the possibilities of Grand Traverse region to the attention of those interested in fruit growing throughout the country. Among the methods used to carry on the work, the attention of commission houses in other cities than Chicago is brought to the opportunities for the purchasing of our high quality fruit. A series of post cards was inaugurated bringing out the salient features of the region as a fruit growing center; giving actual experiences of people who are raising fruit, with the sums received by them for their 1909 crops. These were widely distributed.

In addition the bank not only keeps on hand quantities of literature issued by the Western Michigan Development bureau for patrons who visit the bank but sends booklets and other matter to its correspondents throughout the country.

In the belief that there should be a permanent display of samples of the fruits raised in the Grand Traverse region, the First National established one in the lobby of its banking rooms. This was opened in

The Bank.

September and continued until the first of this year, decaying fruit being replaced by sound specimens provided by many of the interested fruit growers of this section; thus affording visitors to the bank and to the city an opportunity to inspect, close hand, the luscious fruits.

Invitations in the form of post cards, showing the photograph of the bank building were issued during the meeting of the State Grange, Dec. 14 to 17, inviting the

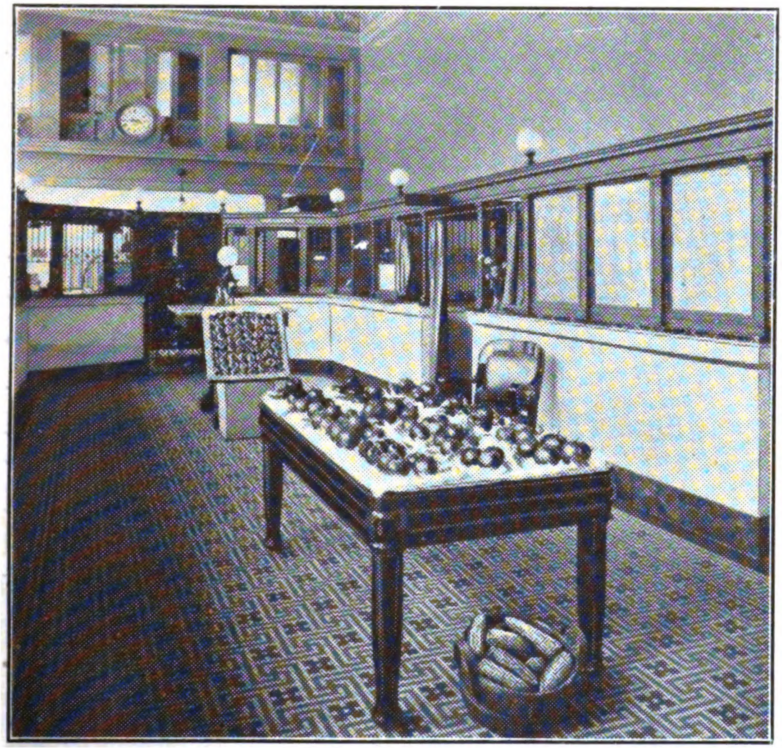
delegates to view the fruit exhibition at the First National and a large number of delegates inspected the display.

Further to inspire the fruit growers of the region along educational lines the bank recently offered a prize for the best essay on the subject of "Packing and Handling Fruit." The essay is to be read at the coming meeting of the farmers' institute and the manuscript of the prize winner to be the property of the bank for future distribution. Many compliments have been received by the First National for this step in the educational development of fruit raising.

The western fruit growers have a certain advantage over this region in that they use the best methods in putting their products on to the market, realizing three times the price for the fruit that the Michigan growers receive. It is through the improved methods of grading, sorting and packing that the Grand Traverse fruit growers are to realize the largest profits on their products. The western grower by using these methods receives the same price for one bushel of apples that the Grand Traverse grower receives for one barrel containing three bushels.

The officers of the institution are entirely in sympathy with the work of the Western Michigan Development bureau. This bureau is in constant touch with men who control the railroad and boat lines with a view to improving the transportation facilities for the shipping of our fruits to various markets and creating new ones.

The bureau was particularly fortunate in being able to secure 1500 feet of floor space in the United States Land and Irrigation Exposition in Chicago, being the only eastern district represented and the western people thought that Michigan was rather encroaching upon their territory. It opened the eyes of Chicago people and westerners to the quality and variety of our products. In the exhibit which opened Nov. 20, 1909, the exposition in glass of the products of Grand Traverse, prepared by the Traverse City board of trade, made a notable showing and won favorable comment of all who saw it.



An Agricultural Display.

Traverse City is securing a great amount of publicity through horticultural products, land improvement and the unequaled resort facilities afforded by the region. No doubt many more visitors and investors will visit this region during this coming season than ever before.

The bank officials believe that greater development will result for Traverse City and this region by increasing the output of our natural products than from industrial development.

The copy on some of the postcards referred to was as follows:

THE
CITY BANK
SYRACUSE, N. Y.
Growth in Depositors

First Day—Dec. 1, 1909
252
First Week—Dec. 7, 1909
324
Second Week—Dec. 14, 1909
370
Third Week—Dec. 21, 1909
431
Fourth Week—Dec. 28, 1909
533
Fifth Week—Jan. 4, 1910
695
Sixth Week—Jan. 11, 1910
812
Seventh Week—Jan. 18, 1910
878
Eighth Week—Jan. 25, 1910
919
Ninth Week—Feb. 1, 1910
? See Next Thursday's Post-Standard

120 E. Genesee St.
Between Salina and Warren Sts.

"Of the people by the people for the people"

Independent of the control of any individual or group

A Healthy Infant.

Grand Traverse Cherries.

Six years ago B. J. Morgan set 22 acres in cherries. This season, 1909, he took 7700 crates of cherries from these trees netting him $7,000.

There are thousands of acres of just such land in Grand Traverse Region equally well located.

Grand Traverse Apples.

Mrs. A. K. Montague, R. F. D. No. 1, Traverse City, Mich., owns 30 acres of Winter Apple Orchard in Grand Traverse region. The 1909 crop was sold on the trees for $4,900. The only labor in connection with sale furnished by the orchard owner was the hauling of the barrels.

Grand Traverse Berries.

Eight years ago F. J. Browne purchased 21 acres in Grand Traverse region. He set only 1¼ acres to Red Raspberries, yet in eight seasons he realized from the crop $2,400 clear, an average of $300 a year and the price of the farm.

Grand Traverse Wheat.

The 1909 Wheat Crop of Geo. Heimforth, R. F. D. No. 5, Traverse City, Mich., taken from 10 acres of land averaged 35 bu. to the acre, 20 acres of this land nine years ago was Virgin Timber. Today it is worth over $100 per acre.

This bank has published a very excellent booklet and makes use of all approved methods of publicity, including newspaper space, folders, blotters, calendars, etc.

SOME STRONG ADVERTISING.

How An Advertising Agency Helped a Washington Bank's Business.

Mr. F. J. Marble of the Marble & Gerdine Advertising Agency, Washington, D. C., sends us the advertisements reproduced herewith and writes:

The single ads. composing the spread appeared in one morning and one evening paper, and covered a period of about two weeks. In that time the bank gained four hundred new savings accounts.

The series has been criticised as being too depressing by picturing a calamity, but results seem to speak for its effect.

During 1909 the Merchants and Mechanics Bank received 6000 new savings accounts, and there were at least 15,000 received by all the Washington banks. It hardly seemed that the field justified a hope to keep up such a record, but from the number received to date it is certain that the new accounts for this month, at the Merchants will be in excess of 700.

The half-tone proof is a reproduction of one of our street car cards, some of which carry a good, hard talk on the saving proposition.

This is real live advertising and it is not surprising to learn that it got results.

PERSONAL APPEAL. — THE ADVANTAGES OF DIRECT ADDRESS IN SAVINGS BANK ADVERTISING.

By G. P. Blackiston, Advertising Manager Peoples Savings Bank, Pittsburgh, Pa.

PERSONAL appeal as applied to advertising is a phase of the business which has heretofore received but little attention. That the advertisers and those who handle this branch of their publicity departments for them have in many cases overlooked something which might have been of being addressed personally. The American people have no small idea of their own importance—something true of every other civilized or uncivilized race—and a direct appeal to a certain person or class of persons is of vastly more success than an address to everybody in general.

Appealing to Classes.

infinite value, is now a well understood fact.

The advertiser who makes an impassioned appeal to the public in general loses a certain percentage of the results that would have been attainable had he carried on his campaign with a more personal tinge to it. Everybody likes to feel that he or she is

Innovation after innovation has been introduced in the busy realms of advertising, this being particularly true of savings bank advertising. There was a time when a savings bank considered advertising too vulgar a thing to be considered. Its patronage was secured and maintained because of the bank's own efficiency and not

because they had splashed around in printer's ink. However, the awakening came as it has come in every other line of endeavor. Printer's ink enjoyed a well deserved boost in popularity. The savings bank people, as well as others who had been immersed in the non-advertising lethargy, realized that while their own efficiency had something to do with their patronage, there was nevertheless an opportunity to exploit that efficiency by judicious advertising.

The difficulties attending the successful exploitation of merits of savings banks have been touched on before. Those who have tackled the proposition know the various stumbling blocks, such as the dignity of the bank and the backwardness shown by its officials in branching out into commercial methods.

The Peoples Savings Bank of Pittsburgh was one of the first institutions of its kind in the country to recognize the benefits to be derived from advertising. Their campaign since that time has been one of new departures and novelties.

It was found in the early days of the advertising campaign that a general appeal to the public, setting forth the merits of the Peoples Savings Bank, as a place of safe keeping for the public's money, separately and collectively, did not bring the desired results. It was a new kind of advertising. The people who eagerly devoured the facts stated in clothing, grocery and other advertisements—something they had been used to doing for years—did not grasp the real meaning of the newly discovered savings bank advertisements. Those who did not know of the Peoples Savings Bank of Pittsburgh feared that this apparently undignified flight into vulgar newspaper advertising portended but one thing—that the institution was a "fly-by-night" affair or "up against it" in the strictest sense of the word and compelled to reach out for the fool who is said to be born every minute. Those who did not know something about the Peoples Savings Bank could not understand it.

When savings bank advertising became more general this apprehension of the general public was in a measure reduced. Then when originality was injected into the campaign, the people who had heretofore doubted, began to sit up and take notice.

Recently a series based upon the solid foundation of personal appeal was run in the newspapers by the Peoples Savings Bank. Each day a certain class of workers was taken and a direct appeal was addressed to them in newspapers throughout the country. Supplemented by elaborate drawings, representing the worker himself and portraying sections of his tools and an idea of his work, the appeal was so convincing that it attracted attention every where.

The bridge worker, bricklayer, oil man, messenger boy, stenographer, machinist, blacksmith, laborer, motorman, salesman, drayman, carpenter, cashier, policeman—and others, were appealed to separately. The advertisement did not set forth the general advantages of the institution, but spoke to each class of labor, giving the particular benefits to be derived by a particular profession.

It can be readily seen how a personal appeal, headed for example: "The Bridge Worker," illustrated by a picture of the worker immediately attracted the attention of every man who followed that class of work. He was interested from the beginning and the advertisement was studied carefully. The same was true of every other advertisement, which appealed to some other class or profession.

ADVERTISING CRITICISM.

R. A. SILVIUS of the State Banking and Trust Company of Sioux Falls, S. D., writes:

We have been very much interested in your criticism of advertisements and desire to have your opinion and criticism of the enclosed booklet. It is not entirely satisfactory to us although it has brought us some good results. We realize that there is much to be improved and therefore wish your opinion.

The booklet has no title other than the name of the company. It is always better to give an advertising booklet an interesting title. The matter in the booklet contains some good talking points for the institution, but the typographical form could be greatly improved by the removal of a large border design and the use of stronger type in the sub-heads.

The First National Bank of Milton, Fla., is running reading notices of more than a column in length in "the Santa Rosa Star." The space is used by an alleged conversation between "Pat" and "Mike" relative to banking matters and in the dialect called for by the names of the participants in the alleged dialogue. This may be good advertising but we doubt it as it does not seem dignified enough for bank advertising. At any rate, in this particular case it is probably as dignified as the news items in the same paper, two of which are as follows:

Mr. Walter Jernigan, Prof. at Jay High School was down Sunday to visit his best girl "we guess."

A pair of runaways came up from Pensacola last week on the 6 o'clock train and went via auto route to Flomaton, Ala., and caught the train there, kinder dogging or back tracking to throw off pursuit. The auto man is $20 to the good anyway.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

AMONG the institutions, in addition to those already mentioned, which are using attractive calendars and blotters this year are: The Roslyn (N. Y.) Savings Bank; the Mechanics Savings Bank of Holyoke, Mass.; the State Bank of Girard, Kan.; the Atlantic National Bank of Providence, R. I.; the Peoples National Bank of Hoosick Falls, N. Y.; the Union Trust Company of Springfield, Mass., the Columbia Trust Company of New York and the Austin North Bank of Billings, Mont.

"How to Save by Mail" is the title of a booklet recently issued by the National Savings Bank of Albany, N. Y. It gives an interesting exposition of the subject and enclosed with the booklet is a deposit slip for the convenience of readers who are convinced that they should deposit by mail with that bank. The First Mortgage Guarantee and Trust Company of Philadelphia issues a booklet with the same title. It is ornamented with a picture of Hon. Leslie M. Shaw, president of the institution, and numerous views of the interior of the building. The company has a good system of follow-up literature in connection with its magazine advertising. With the first letter go the following enclosures: a signature card, a deposit slip, a return envelope, the rules and regulations governing deposits and withdrawals and a special notice

Strong and Well Illustrated Copy.

as to balancing passbooks. The copy of the first letter to inquirers is as follows:

Dear Sir:—

Agreeable to your request we are enclosing herewith our booklet "How to Save by Mail," together with other printed matter, which will give you full particulars regarding our system of handling mail accounts, as well as general information regarding the First Mortgage Guarantee and Trust Company and its managment.

We are glad you have written for this booklet, as it gives us the opportunity of saying more than we have said for lack of space in a general advertisement.

Banking by mail is safe, especially when banking with the First Mortgage Guarantee and Trust Company. Why?

In the first place you will be banking with men of international reputation in the banking world. Leslie M. Shaw, president of our company, was twice Governor of the State of Iowa and recently Secretary of the United States Treasury under former President Theodore Roosevelt. He is an enthusiastic believer in saving and it is his ambition to build a great and popular institution managed in the interest of its customers.

The other officers and directors of this company are men of well known integrity and of wide experience in the banking and business world. In addition to our competent management, our large capital and surplus of more than $1,300,000 stands as an additional guarantee of the strength of the institution.

Millions and millions of dollars travel back and forth over this country every day with perfect safety; therefore why not send your money to the bank by mail?

You can open a savings account in any amount, from one dollar up, and we will pay you interest thereon at the rate of four per cent., compounded every six months. Any prudent and well posted business man will tell you that the rate of interest paid by this institution (four per cent.) is as high a rate of interest as can be safely paid by any bank.

Philadelphia is a city of homes. What safer form of investment can be made than first mortgages on these homes. There is over one hundred and ten millions of dollars transferred yearly into mortgages on these homes. For that reason, and by reason of the large and varied manufacturing, commercial and shipping interests of the City of Philadelphia, and the consequent active demand for money, The First Mortgage Guarantee and Trust Company can afford to pay four per cent. interest on savings. Savings ought to be given the highest rate consistent with absolute safety.

In sending your deposit you can remit by personal check, bank draft, post office money order or express money order. If you send currency, be sure to send your letter by registered mail.

Start now at the moment you are reading our booklet, send us any amount from $1 up to $10,000 and we will open a savings account in your name and send your bank book by return post.

The Columbus (O.) Savings & Trust Co., prints this ad. on one of its large manila mailing envelopes:

KEEP THIS ENVELOPE FOR YOUR VALUABLE PAPERS.

When convenient, secure a box in our Safe Deposit Vaults. Costs less than one cent a day. Come in and ask about it.

The Boone Co. Deposit Bank of Burlington, Ky., uses this catch phrase: "21 years old, never lost a cent."

A HANDY BOOK.

MAHIN'S Advertising Data Book for 1910 is packed with ad. facts and ad. figures, with information—current data, sorted, sifted, classified and indexed in such a way as to be of the greatest every-day use to all advertisers.

It gives full information as to rates, mediums and good advertising copy. The price of the book is $2 and it is worth it to any general advertiser. It is published by the Mahin Advertising Co., Chicago.

ADVERTISING PAYS.

Continuous Publicity Creates and Maintains a Reputation.

APROPOS of the discussion in these columns in regard to a bank's advertising a low interest rate, the following paragraphs by H. A. Thies, vice-president of the Franklin Society for Home Building and Savings, are interesting:

You may be glad to know that in spite of the announcement sent out by the Society to its patrons that it anticipates reducing its dividend rate to four and one-half per cent. per annum in July, the receipts so far this year have exceeded those of any other similar period in the history of the Society. We believe that the character of the Society's assets are sufficiently understood, and their absolute safety fully appreciated, so as to attract plenty of capital at the lower rate. "Five per cent." was necessary to attract attention to the Society. We now feel that the nature of its assets will offer as strong an attraction. In setting forth this side of the Society we appreciate the aid we have received from publications like The Bankers Magazine, who have opened their pages to us. We believe that, with a continued better understanding of the Society's mortgage, that it will grow faster even than it has in the past.

GENERAL THOMAS LEMUEL JAMES.

By "Holland."

THOMAS LEMUEL JAMES was elected president of the Lincoln National Bank at the time of its organization in 1882. He has served as president of the bank since that time; and this service of twenty-eight years constitutes him almost the dean among the bank presidents of New York. In length of time, it is, if not an unusual, at least an infrequent, official responsibility of this kind. He is now, with the exception of Matthew C. D. Borden, the sole survivor of all of those who organized the bank.

Notwithstanding his connection with the Lincoln National Bank as president since 1882, General James had already, before that time, been very prominently associated with an important administrative office under the Government. He had made a brilliant career as a public officer. He served for some years as deputy collector in the custom house. In 1873, he was appointed by President Grant postmaster at New York. In 1881, he was called to the Cabinet of General Garfield, having the portfolio of postmaster-general. So it will be seen that the first twenty years of his active life were in public service; and for the past twenty-eight years his career has been exclusively that of a banker.

General James had fine training to prepare him for this somewhat unusual double career. He was born at Utica, New York, on March 29, 1831. He comes of a family which was conspicuous in Wales; and, as the name itself indicates, he is of full Welsh descent. His grandparents came to the United States in 1800 and settled in the vicinity of Utica. His schooling in the graded schools was supplemented by a brief term at the Utica Academy; but his great schooling was in a printer's office. He was apprenticed as a printer in the office of the Utica "Liberty Press," and, having mastered that trade, passed from a printer's devil to a journeyman printer, and in 1851 was in position to become a proprietor. An opportunity opened to purchase a Whig newspaper, published at Hamilton, New York, called the "Madison County Journal"; and it was an opportunity which the young printer gladly accepted. He was just twenty-one years of age when he took charge of that newspaper; and it was at a time when national politics were of a most excited character, centering wholly upon the slavery question issue.

It was this early experience of ten years in what is sometimes called country journalism that gave the young editor a broad acquaintance with public men, public affairs, and put him in close touch with the great activities of the nation as they were at that time. He served for a brief term as collector of canal tolls, at Hamilton; but it was not until 1861 that he abandoned journalism as a vocation, although he has never abandoned it as an avocation.

With the advent of President Lincoln and the change of administration, in 1861, Mr. James was appointed an inspector of customs at New York City, and, nine years later was appointed deputy collector and placed in charge of the warehouse division and the bonded warehouses of New York.

It was in this department of the customhouse service that he revealed his high capacity for organization, for executive administration, for tact and for making and maintaining intimate friendships. He brought out of disorder and confusion a perfect system in his department, which was recognized by General Chester A. Arthur, then collector of customs at the port of New York. General Arthur appointed him a member of the Civil Service Board of the collector's and surveyor's offices; and it was in that service that Mr. James first gained his intimate knowledge of the relation of public officials to the offices which they occupy, and which can be obtained only through appointment for merit and fitness and without the use of what was known as patronage or "pull." This experience made it possible for Mr. James to perfect what was then the first voluntary, and yet complete, civil service system under the Government of the United States.

Without knowledge that his appointment was under consideration, he was named postmaster at New York on March 17, 1873, and, four years later, he was reappointed by President Hayes. The civil service perfected in the New York postoffice attracted wide attention. It was not enforced by law; it was organized and perfected by Mr. James himself. His theory was that all improper political association of office-holders would be absolutely removed, provided the offices were apportioned and given solely for merit and fitness. Other things being equal, his theory was that it would be better to appoint to office a member of the majority political party than one who was of the opposition party; but that was to be done only in case two candidates were in other respects entirely equal.

On the other hand, Mr. James was then, and has since been, thoroughly of the conviction that the power of removal should always remain with the executive head; for it was his understanding that no one would be removed except for cause, simply to make an opening for a political favorite, because appointments were made for merit and fitness.

Mr. James was in charge of the post-office at the time of its removal from the building it had long occupied at the corner of William and Nassau streets, a building which had served for over one hundred

years for a Dutch Reformed Church organization. That work of removal then again illustrated his administrative capacity. It was accomplished without delay to a single one of the mails.

It has always been believed by Mr. James' friends that it was chiefly on account of the efficiency with which the New York postoffice had been administered and the manner in which the Civil Service could be improved, that the attention of President Hayes was called to him in 1877. At all events, the President then offered the appointment of collector at the port of New York to Mr. James; but, with characteristic loyalty to friends, he felt obliged to decline the offer on the ground that, having been General Arthur's deputy, he could not consent to supercede him.

Again President Hayes offered him the portfolio of the Postoffice Department at Washington; but, for reasons that seemed good, the offer was declined, as was the offer of the Republicans of New York of the mayoralty nomination. In 1881, however, he became postmaster-general under President Garfield; and, although his administration of the office lasted only ten months, the assassination of President Garfield and the succession of General Arthur having involved a re-casting of the Cabinet; yet, in these ten months, Mr. James, who then became known as "General James," perfected reforms which resulted in a very large saving in the administration of the department; and he instituted the "star route" investigation, which resulted in the elimination of the so-called "star route scandals," which had long been a blight upon departmental administration at Washington.

When it became known that General James was to retire from President Arthur's Cabinet, his name was instantly suggested to the group of capitalists who were considering the expediency of organizing a bank to do business on Forty-Second street, in the vicinity of the Grand Central Station. No one personally is entitled to whatever credit there may have been in forecasting business conditions which would ultimately make Forty-Second street a real financial centre, second only to Wall street or the financial district downtown. The mayor at that time, William R. Grace, some of the Vanderbilts, Mr. Borden, the late Commodore Van Santvoord and others were convinced that the vicinity of Forty-Second street was to furnish, and especially the railroad offices at the Grand Central Station, a sufficient business to justify the establishment of a bank uptown. There was only one in the vicinity, and that a small one on Fifth avenue. The nearest bank was near Thirty-Fourth street, and that was a small institution, comparatively speaking. The forecast proved to have been, not an over, but an under, estimate of the banking capacity of the district within a few blocks of the Grand Central Station.

When General James was asked by the organizers of this bank if he would accept the presidency and attempt to develop the institution, as these men of capital thought could be done,—he was at first a little doubtful of the wisdom of accepting, since he had had no experience as a practical banker; but the postoffice at New York furnishes a very large banking business, especially through the money order department; and the ten months' experience in the office of postmaster-general also served as a sort of training-school. General James at last accepted the offer; and the bank was organized and at first established upon the upper floor of a little building still standing at the corner of Forty-Second street and Vanderbilt avenue. It was the pioneer of what is now a very large banking organization along Fifth avenue and Forty-Second street.

Two years after the bank was established, it moved from the cramped quarters which it had occupied to the new building erected by the Lincoln Safe Deposit Company, opposite the Grand Central Station. The safe deposit company was a separate organization, but was, of course, of the immediate family of the Lincoln National Bank.

The growth of the institution was very rapid. Of course, it had the advantage of the volume of business furnished by the railroad companies whose offices were at the Grand Central Station; but General James' theory was that the bank should not be known exclusively as a Vanderbilt or railroad bank. He was anxious to cultivate a very large clientage representing all classes; and it was in doing this that his peculiar adaptability for business, for serving a great bank, was made manifest. In his entire career as a public servant, he had shown a singular capacity for making friends and for holding them. That attribute was conspicuous in his management of the Lincoln National Bank.

It was recently said by one of the greatest living bankers that it was not difficult to train intelligent men so that they would master the technicalities, technique and details of practical banking; but that the bank officer who, by reason of his personality, could bring a very large and varied business to his bank had that capacity in-born; it was a native gift; it could not be cultivated.

The organization General James perfected and constantly increased as the business of the bank justified it, has been entirely adequate to the demands of an institution which now carries considerably in excess of twenty millions of deposits; and it has been one of the peculiar features of the administration of General James that he has gained and kept, not only the loyalty of his

subordinates, but a certain esprit de corps, a pride of service, among all of the employes of the bank.

It was inevitable that the great success of this institution, evidenced by the fact that at one time its stock was quoted as of a market value of over 1,100 (par being 100), should again attract to General James the attention of the leaders of his party. In the year 1885, he moved to New Jersey, becoming a citizen of that State, his home being in the town of Highwood, Borough of Tenafly. His object in doing that was to enjoy the seclusion and the other advantages which life in the open air and in that part of the country that is within convenient reach of the city would make possible.

Undoubtedly, but for this fact, General James would have been nominated—with the probabilities in favor of his election—as governor of New York; for the leaders of the Republican party called upon him in the closing years of the 80's and asked him if he would be willing to allow his name to be presented to the State Convention, and if he would accept the nomination for governor. He was assured that, in all probability, nothing but his declination would stand in the way of his nomination; but he informed the committee which called upon him that it was impossible for him to accept the nomination, since he was not a legal resident of New York State.

Again the Republican leaders urged upon him the acceptance of the nomination for mayor of New York, assuring him that he could be nominated, and would be, if he would consent to accept. But he told the committee that he felt that his career in politics was ended; and that, while he might be willing to serve as a citizen his neighbors and friends of his home township, yet it would be impossible for him to accept the nomination for a political office, in case that involved the abandonment of his service as a banker. The people of the Borough of Tenafly did nominate and elect him as mayor; but that is an honorary office, carrying no salary, but simply involving public service. As early as 1863, Hamilton College, with which he had been closely identified, gave him the degree of Master of Arts; and, twenty years later, Madison University (now Colgate), under the shadows of which the days of his proprietorship of the Madison County Journal were passed, gave him the honorary degree of Doctor of Laws; and, the year following, St. John's College, at Fordham, New York, in like manner honored him.

In spite of activities and concentration of energy which have made the Lincoln National Bank one of the great banking institutions of the United States, General James has found time to keep in touch with his early associations as a printer. He has written much for publication, has been called upon to deliver many addresses; and an address, prepared by him and delivered on several occasions, upon Lincoln's Birthday,—a memorial to Lincoln—has been regarded as one of the ablest presentations of Lincoln's character and influence that any man now living has made.

BOOK REVIEWS.

BANKING AND COMMERCE. By George Hague, (formerly general manager of the Merchants Bank of Canada.) New York: The Bankers' Publishing Co., 1908. (Price $3.) (As reviewed in the London Bankers Magazine.)

Mr. Hague, the author of this interesting book on the subject of banking, writes of himself and what he has done with due modesty and common sense. He was for many years actively engaged in business life of an unusually varied character. He commenced his banking career in an English bank of which the head office was situated in an important manufacturing city, the branches extending over the agricultural district around. Afterwards he worked for some years in a large business office, and then reverting to his early choice he entered the service of one of the chartered banks of Canada. In course of time, he tells us, he became general manager of one of the larger banks of the Dominion, the branches of which extended over nearly every district from the Atlantic to the Pacific, and he had thus also every facility for familiarity with business affairs in New York. A man who has held such positions of responsibility and power may fairly claim to have had opportunities which should qualify him to express an opinion with advantage about business men and mercantile affairs.

After an energetic career, protracted beyond the usual course of human affairs, Mr. Hague, now in retirement, is able to look back quietly upon the activities and conflicts of former years, and can sympathize with a new generation who are fighting their way, with varied success, through the same conditions and circumstances. He has written this work, he tells us, "largely for their guidance; and not for theirs only, but for the guidance of their customers; for he has stood on both sides of the counter in his time." A book of this class possesses a very unusual value. It should find many attentive readers on this side of the Atlantic. Though the conditions of business here are very different from those in Canada

and New York, those who study this work will find much that is useful and much also that is of interest. The qualifications for a successful junior clerk in a bank are well marked out, Mr. Hague says, and truly, we expect civility, readiness to assist, quickness to obey orders, punctuality in attendance, but many a clever young fellow may wreck himself on "an impatience of work, and eagerness to rush away at the earliest moment the work appears to be finished," and the hints on the qualities and training required by the successful head of a banking office are equally shrewd. The character of the business Mr. Hague describes is one dissimilar in many ways to the regular jog-trot work usual in the United Kingdom, but the advice which he gives may be of good service here. The counsel, "get information and be always on the lookout for more," absolutely essential in a newly established country, is almost as much required for success here. The customer who succeeded in a business where many had failed, and attributed his being able to stand while others were falling to the fact that he was always willing for some other person to take the last cent of profit, was a shrewd man, and deserved the good fortune he secured.

The portion of the volume headed "The Author's Experiences in Fifty Years of Banking Life in England and Canada" contains many interesting passages describing the establishment and early progress of English joint-stock banking. Mr. Hague was eleven years in the Sheffield Banking Company, established in 1831, which, at the time of his connection with it, was under the management of the late Mr. James Henry Barber, whose ability, high principle, and strong common sense will always be remembered with pleasure by those who knew him. Mr. Hague was five years in direct connection with Mr. Barber and he clearly profited much from the training he thus received

The requirements of space, however, will not allow us to do more than point out how much the working bankers may learn from reading Mr. Hague's book. It contains also very useful information on the history of Canadian banking, including the recent renewals of the charters of the banks, and the good arrangements made then for the security of the note circulation, avoiding basing this on the bonds of the government —as is the case with the national banks of the United States— but rendering the note issue safe by making the notes a first charge on all the assets of the banks, including in this the double liability of the stockholders, and also the redemption fund which was established by the same authority, and to which all issuing banks contribute. These provisions are now embodied in the revised bank act of Canada, is accepted anywhere throughout the Dominion. Mr. Hague had a considerable share in the making of these arrangements and in the establishment of the bankers of the United Kingdom might do well to study.

We part from Mr. Hague's book with a sincere respect for the useful information it contains and the high tone in which it is written. Mr. Hague has now, as we mentioned a short time since, retired from active business, and we desire to express our sincere hope that he may enjoy many years of happiness in "the comparative rest of private life" to which he alludes in his touching conclusion.

THE PREVENTION OF INDUSTRIAL ACCIDENTS. By Frank E. Law and William Newell. New York, the Fidelity & Casualty Co. (Price, 25 cents.)

This paper bound volume comprises 208 pages and covers the subject indicated under the following heads: Care on the Part of Employes; Safety Devices; Steam Boilers; Engines; Electrical Apparatus; Elevators; The Factory, and Wood Working Machinery.

The desirability of preventing accidents no one will question. Putting aside the humanitarian aspect of the matter, which must appeal to every lover of his kind, the financial loss alone due to accidents is so great as to warrant the most complete precautions for their prevention. In the year 1908 the large sum of $22,392,027 was paid in premiums to insurance companies for liability insurance.

The book gives very practical suggestions, which are of the utmost value to users of machinery and employers of labor. Many of the recommendations may be carried out at small expense, and even where the expense is considerable, it is probable that it would pay for itself in the long run, if as a result of reading this book, any employer carried out such changes in his own plan. The book is thoroughly illustrated and handsomely printed on good paper stock. Entirely aside from its advertising features, the book is one of permanent value and ought to be in the hands of every person who is liable to injury or loss through industrial accidents.

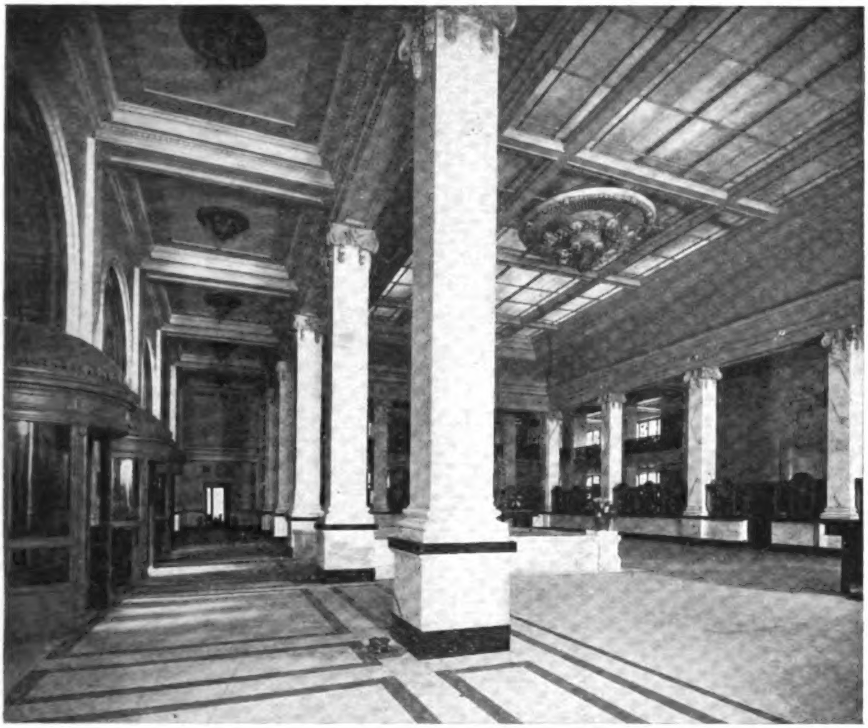
That this book is particularly apropos at this time is apparent from this news item

Preventable accidents cost $125,000,000 a year, according to Dr. William H. Tolman, director of the Museum of Safety and Sanitation of New York, in an address here, adding:

"This loss represents only half the accidents in various industries during a year. About half a million workers are now annually incapacitated or killed, and the figures are based on the low average of $500 apiece.

"A widespread campaign has been begun to induce factories and mines to adopt safety appliances. Their adoption would prevent enough accidents to pay for the cost within a few months."

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT



The Counting Room.

NATIONAL BANK OF COMMERCE, KANSAS CITY, MISSOURI.

IN the heart of the business and commercial district of Kansas City, Mo., at the corner of Tenth and Walnut streets, there stands a massive sixteen-story building of granite, marble and bronze, the ground floor of which is now and has been for nearly two years, the palatial home of the National Bank of Commerce.

The public space, or lobby, of this structure, is a spacious hall capable of accommodating hundreds of people. It is lighted by a skylight 50x85 feet, which is directly beneath the light shaft of the office part of the building.

Bordering this imposing lobby are the office quarters enclosed in ornate designs of antique bronze. There are other designs of a similar pattern enclosing the president's office in the southeast corner of the building, ladies' reception room in the northeast corner, money and book vaults at the center of the building on the west side, and tellers' cages on the north, south and west sides of the main lobby.

The materials used in the construction of this room are all of second statuary marble, the trimmings of imported Belgian black. The floors are of Italian marble, with Isle la Motte borders. All of the grill work here and throughout the bank is wrought in antique bronze.

The furniture, together with all wood-

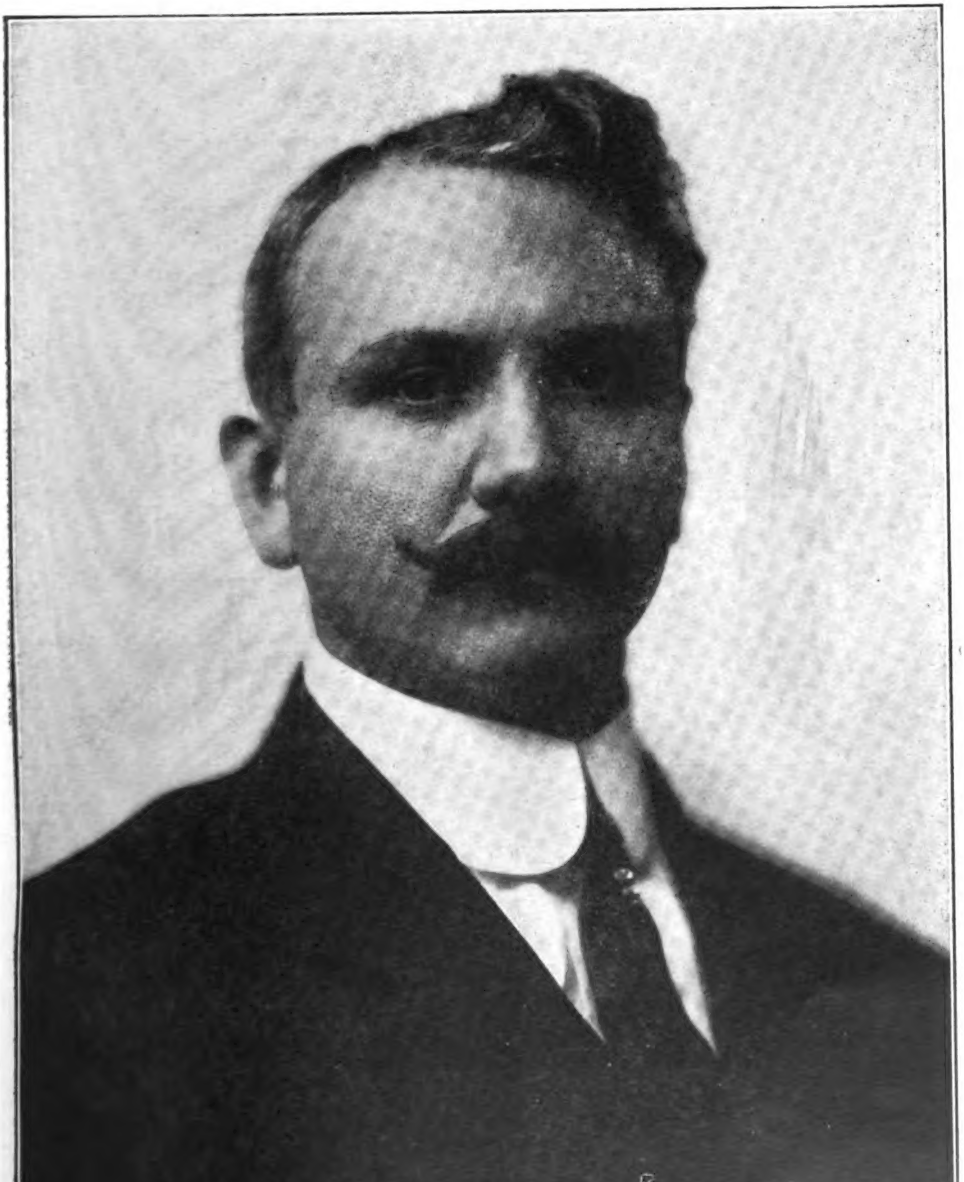
National Bank of Commerce Building, cor. 10th and Walnut Sts., Kansas City, Mo.

work, is of selected mahogany, while the vaults are of the latest modern construction of a specially treated chrome steel, encased in walls of concrete. Nineteen steel safes for the use of the cashier and paying tellers are included in the vault equipment. Rare marbles and tapestries have been used in furnishing the president's and directors' rooms, and the ladies' retiring room has also been luxuriously fitted out.

The clerical departments are cleverly concealed by being placed in the rear of the tellers' cages and on the mezzanine floor enclosing three sides of the main room. By an elaborate system of ventilation, cool, filtered and moistened air is constantly supplied to every corner of the building.

A Pioneer Ladies' Department.

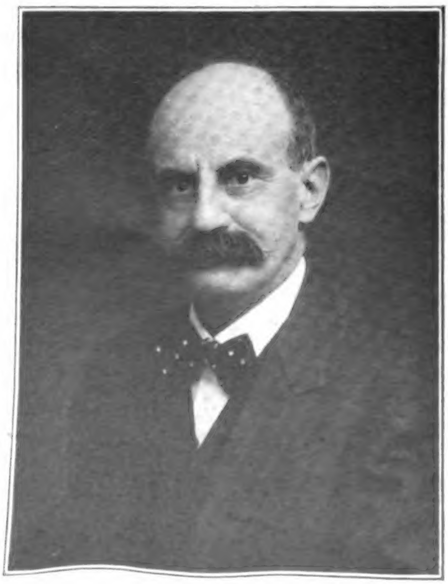
Officers of the National Bank of Commerce are proud of the fact that theirs was the first banking institution in the United



J. W. PERRY
President.

CHAS. H. MOORE
Vice-President,

GEO. D. FORD
Vice-President.

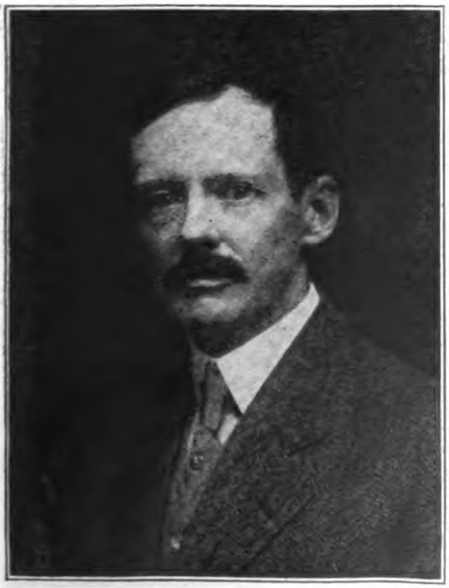


W. H. SEEGER
Vice-President.

W. L. BUECHLE
Vice-President.

WALTER S. DICKEY
Vice-President.

JAMES T. BRADLEY
Cashier.



W. H. GLASKIN
Assistant-Cashier.

JAS. F. MEADE
Assistant Cashier.

CHAS. M. VINING
Assistant Cashier.

States to establish and maintain a special ladies' department luxuriously equipped with all the small articles so dear to the feminine heart. A maid is in constant attendance in the ladies' reception room, and a surprisingly large number of Kansas City women have found it both convenient and pleasant to carry accounts with this enterprising bank.

Other Departments.

It has taken years to establish the innumerable connections of the country bank department, but the past and present policy of the management has been to insure a direct and economical handling of all cash items and collections, by the employment of an experienced clerical force and the reference of all matters (with the exception of those purely clerical) to the personal attention of an officer. More than thirty thousand items are handled in the course of an average day's business.

The collection service of the National Bank of Commerce, Kansas City, is excellent, and is equally rapid and efficient for city and country collections.

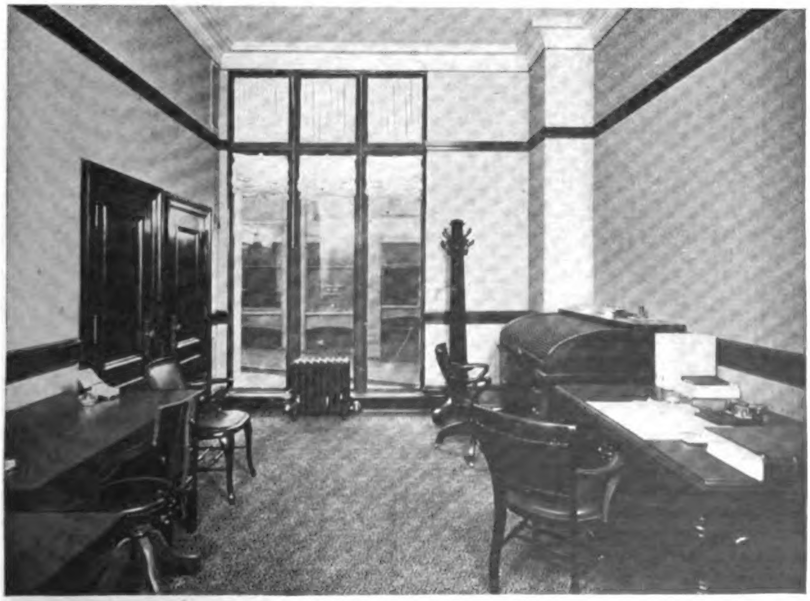
In connection with the bank's loan and discounts department there is an extensive credit department, where all matters affecting the credit not only of customers, but of thousands of mercantile firms are recorded for instantaneous reference.

Drafts are issued by the foreign exchange department on financial institutions all over the world. Travelers' letters of credit are sold and the usual business of such a department satisfactorily transacted.

The National Bank of Commerce maintains a purchasing department complete in every detail. All articles used by the institution from pins to furniture are bought, inspected and distributed by this department, and not an item large or small

Looking Towards the Public Lobby.

President's Office.



Cashier's Office.

bought without the supervision and requisition of the purchasing agent.

HISTORICAL.

The present National Bank of Commerce of Kansas City is the outcome of the organization of the Kansas City Savings Association, which was incorporated in 1865, with capital of $20,000, of which amount $10,000 was paid up. At this time Dr. Jas. Buchanan Bell was president and C. J. White cashier. A short time later, the interests of Dr. Bell were purchased by W. A. Powell, who became president of the association. In 1881, Dr. W. S. Woods bought the interest of Mr. Powell, and became president of the Association, and continued to serve in such capacity until December, 1907.

In 1881, on account of changes in the statutes of Missouri, regulating savings associations, it was deemed expedient to surrender the charter as a savings bank, and to take out a charter as a state bank. Accordingly, the institution became the Bank of Commerce. The capital at this time was increased to $200,000. In 1887, the state charter was surrendered, and a national charter adopted, the name of the institution being changed to the National Bank of Commerce.

In May, 1897, the National Bank of Commerce absorbed the Metropolitan National Bank, and in July, 1897, absorbed the Midland National Bank, and in November, 1908, absorbed the Union National Bank.

The deposits of the National Bank of Commerce at various intervals are given below:

October 2, 1894	$4,659,536.20
October 5, 1897	15,111,663.47
February 13, 1900	20,817,749.37
June 23, 1909	22,726,232.47
September 1, 1909	24,032,273.25
November 16, 1909	24,238,701.00
January 31, 1910	24,292,294.00

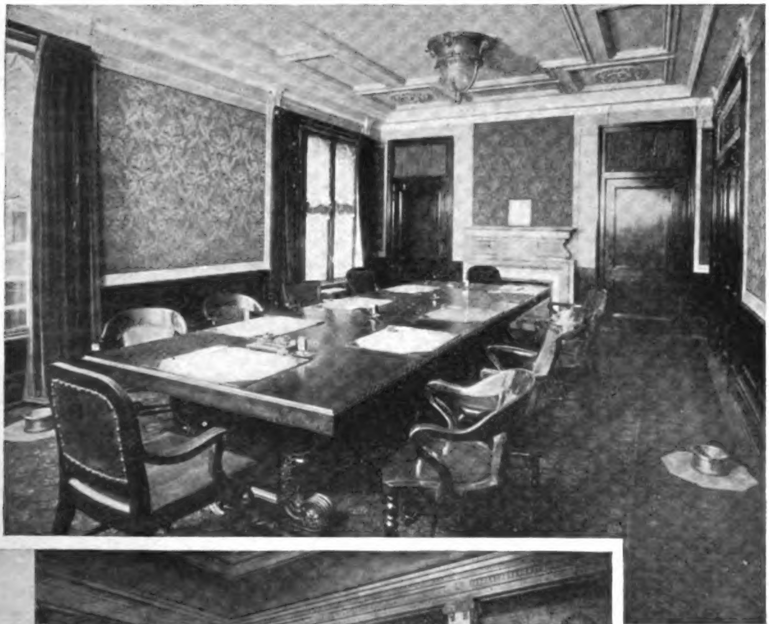
General View of Officers' Quarters.

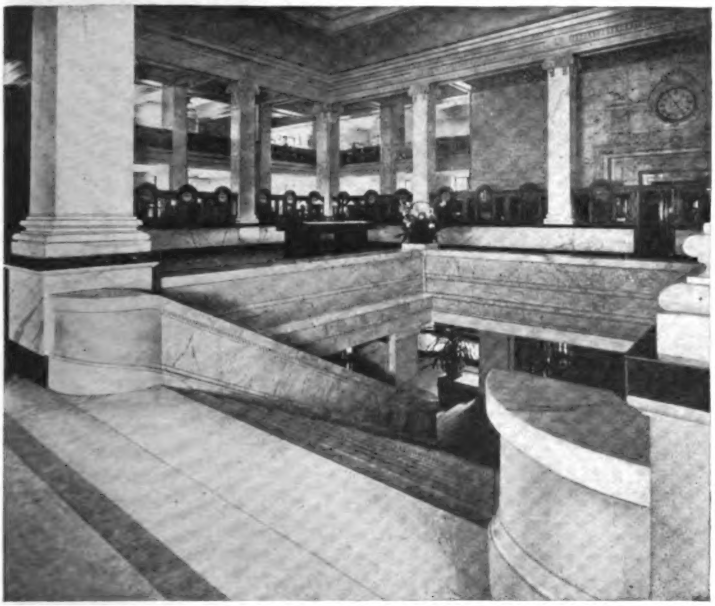
At the present time, the bank has an average deposit account of $25,000,000.

BIOGRAPHICAL.

J. W. Perry, president, is a native Missourian, having been born in Nodaway County, Missouri, and engaged in the banking business in that section and in St. Louis, for a great many years. At the time of his election to the presidency of the National Bank of Commerce, Kansas City, he was vice-president of the National Bank of Commerce in St. Louis. The National Bank of Commerce of Kansas City has prospered under his direction even more than had been hoped for.

W. L. Buechle, vice-president, was born in St. Joseph, Mo., and was for many years connected with various financial institutions of that city. Later he became state bank





Directors' Room and Marble Stairway, Tenth Street Entrance.

examiner of Missouri, and afterwards national bank examiner, with Missouri as his territory. This position he resigned to accept the vice-presidency of the National Bank of Commerce, Kansas City.

W. H. Seeger, vice-president, has been actively connected with Kansas City financial institutions for thirty-nine years, having begun with the Watkins Bank, in which he served for seven years, later with the National Bank of Kansas City for four years, Citizens National Bank for sixteen years, and the Union National Bank for eleven years.

Vice-president Geo. D. Ford was formerly connected with the Union National Bank, and came to the National Bank of Commerce when that institution was absorbed in November, 1908. Mr. Ford for a long time past has had large interests in Texas, to which he devotes a considerable portion of his time.

Vice-president Chas. H. Moore has passed almost twenty years in the continuous

service of the National Bank of Commerce, having come to the institution from a small bank in Kansas City. He served as assistant cashier for a great many years, and in June, 1908, was promoted to vice-president.

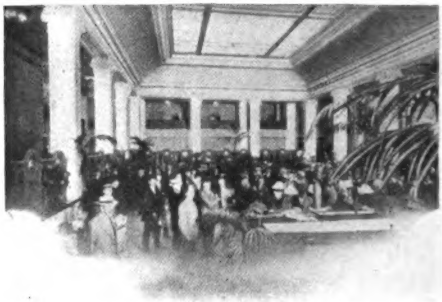
W. S. Dickey was elected vice-president of the bank, Jan. 1, 1910. For many years he has been president and active manager of the W. S. Dickey Clay Mfg. Co., a corporation of wide interests, which has been built up entirely from a small business by his personal efforts. Mr. Dickey is also president of a company having a capital of $1,000,000, organized for the purpose of navigating the Missouri river from Kansas City to St. Louis.

Cashier Jas. T. Bradley was formerly cashier of the First National Bank of Sedan, Kansas, which is known as one of the most progressive and conservative banks in the State of Kansas. For several years prior to his acceptance of the cashiership of the National Bank of Commerce, he served as national bank examiner, with Kansas as his territory.

Chas. M. Vining, assistant cashier, was formerly assistant cashier of the Union National Bank, and accepted a like position with the National Bank of Commerce on the consolidation of the two institutions.

W. H. Glaskin, assistant cashier, came to Kansas City from St. Joseph, Mo., and has been in the service of the National Bank of Commerce for about fifteen years.

J. F. Meade, assistant cashier, was formerly associated with several banks in Northwestern Missouri, and later with the National Bank of Commerce in St. Louis, from which place he came to accept the position of assistant cashier with the National Bank of Commerce of Kansas City, in 1908.



PROPOSED BUILDING TO BE ERECTED BY THE HARRIS TRUST AND SAVINGS BANK OF CHICAGO.

When completed, the new home of the Harris Trust and Savings Bank of Chicago, together with the land on which it will stand, will cost approximately $3,000,000, will have a frontage of ninety feet and will extend south 190 feet to the alley between Monroe and Adams streets.

It will be twenty stories in height, rising 260 feet above the sidewalk, and will rest on caisson foundations which will go down 110 feet to bed rock. There will be a commodious basement which will be used by the bank as safety deposit vaults and below this basement will be two sub-basements, the lower of which will contain the mechanical department of the building which will consist of all the latest known devices for the comfort and convenience of the tenants of the building.

The quarters of the Harris Trust and Savings Bank will be the ground floor space of the building and a commodious balcony immediately overlooking this main floor. The entrance to the bank's offices will be through the two west central doors which will give directly into a marble vestibule and a banking room of grand proportions. The paneled ceiling of this room, 35 feet above the floor, will be carried by a double row of marble columns extending down the center of the room. The public space of the banking offices will be finished in Italian marble; a bank counter and screen of marble and bronze will divide this space from the officers' quarters and the counting room. The balcony will afford facilities for the bank's clerical forces.

The entrance to the office portion of the building will be through the two east central doors into the elevator hall where eight high-speed, modern elevators will serve the twenty floors of the building. Marble tile floors will be used in all the corridors. High

New Building for Harris Trust and Savings Bank of Chicago.

marble wainscoting, setting off the best mahogany trim, will make an interior finish of the finest appearance. Ample light courts faced with white enameled brick on the east and west sides of the building, will give abundant light for the numerous suites of offices. Much of the space in the upper floors of the building has already been rented to prominent concerns for office purposes.

Entrance from Elevators.

THE BANKING HOUSE OF A. H. BICKMORE AND COMPANY.

Photos by Lippincott, N. Y.

THIS house, which for some years has been well and favorably known, was organized in 1900, and in 1902 Louis C. Tetard and John W. Tobin were admitted as partners. Messrs. James Duane Livingston and W. P. W. Veazie became associated with the firm in 1906.

A. H. Bickmore & Co. do a general banking business, are members of the American Bankers' Association, and deal largely in investment securities of a substantial and conservative character.

Among the many successful enterprises with which this firm has been connected are the Fairmount, Somerset and Springfield Coal Companies and the National Light, Heat & Power Company. The N. L. H. & P. Co., which now controls the lighting of some twenty cities and towns of the New England States, New York State and the Middle West, is perhaps one of the most successful, and is rapidly becoming an important factor in the public lighting field. Associated with A. H. Bickmore & Co. in the organization of this company were Harold G. Villard and the late C. C. Cuyler, of Cuyler, Morgan & Co.

PERSONNEL.

Albert H. Bickmore, born in Camden, Me., in 1869, is the descendant of sturdy old Puritan stock. After graduating from Colby University, he entered the banking business in New York City, in which he has made a very successful record. He is a member of the Union League, St. Nicholas, City, Graduates, Lawyers, Indian Harbor Yacht and Atlantic Yacht Clubs, the Delta Upsilon and the Phi Beta Kappa Fraternities.

Louis C. Tetard of St. Louis, Mo., comes of a distinguished French family, is a graduate of the Jesuit College of St. Louis, and is a man of wide business experience, whose social and business connections, both here and abroad, are of an exceptional nature.

John W. Tobin, born in Austin, Texas, in 1873, is a graduate of the University of Texas, and has been admitted to practice law in Texas and at the New York Bar. He is an active and successful business man, a member of several leading social and business clubs and an officer and director of a number of prosperous corporations.

James Duane Livingston, a native of New York City and a graduate of Columbia University, has been actively connected with the management of several of the leading New York banks and with the management and financing of well-known railroads.

Customers' Room, Overlooking Pine Street.

Mr. Bickmore's Private Office.

A. H. Bickmore.

Louis C. Tetard.

J. W. Tobin.

W. P. W. Veazie.

Interior View. Showing a Section of Banking Department and Private Offices.

W. P. W. Veazie, born in Bangor, Me., in 1870, was naturally inclined to the banking business, in which his family have been prominent for several generations. Mr. Veazie has been engaged in the banking and investment business in New York City for the past eleven years and is well posted on the general investment market.

Members of this firm are connected as officers or directors with some twenty or thirty successful corporations.

MODERN OFFICES.

A. H. Bickmore & Co. are conveniently located in the heart of the New York financial district, and their quarters take in the entire seventh floor of the building at 30 Pine street. The several departments are conveniently arranged and enjoy outside light and air. The illustrations presented herewith give a fair idea of the various interior furnishings.

AMERICAN BANKERS ASSOCIATION.

Next Convention in Los Angeles, October 3-7.

THE executive committee appointed by the bankers of Los Angeles, California, to consider the dates for the next convention of the American Bankers' Association to be held in that city, have selected the week of October 3rd, the dates being October 3-7. These dates were thought the most desirable for a convention on the western coast as it comes at a season of the year when traveling will be comfortable, and it will give those who wish to attend the benefit of tourists' rates. Although the convention is over eight months away, the Los Angeles bankers are fully organized with special committees making plans for accommodations, entertainment, etc.

Several of the State Bankers' Associations have practically completed arrangements for special trains which will run through to the coast without change, returning over the various attractive routes. The executive officers of the American Bankers' Association have confirmed the dates selected by the Los Angeles bankers, and are now considering the matter of inviting those who will make the principal addresses at the convention, and in anticipation of future legislation affecting banking and currency laws, speakers will be selected who can give the fullest information on these subjects.

While a date has not been decided upon for the spring meeting of the executive council, without question, the sessions will start on Monday, May 2, and at some resort adjacent to New York City.

THE DEPOSIT BANK OF WINONA, WINONA, MINN.

NEGOTIATIONS begun last December for the consolidation of the Second National Bank and the Winona Deposit Bank of Winona, Minn. have terminated successfully, and the business of these two institutions will hereafter be continued under one management as the Deposit Bank of Winona. Both banks have behind them a splendid record of integrity, security and wise management, extending over a period of almost half a century, and both have been prominently identified with the growth and development of their city and State.

The action taken by the two banks is the result of careful deliberation based on the desire to give the new institution a stability and prestige that will enable it to better fill the particular needs of the rich farming community of which Winona is the center. The reorganization is a complete consolidation in every respect and the presence of all the former active officers of both the Second National and the Winona Deposit Bank in the active management of the new institution insures to it certain success. Those selected to fill official positions were: William H. Laird, president; S. L. Prentiss, vice-president; Paul E. Baumgartner, cashier; F. A. Lemme, E. E. Shepard and A. E. Rau, assistant cashiers. For the board of directors the following were named: William H. Laird, of Laird, Norton Co.; J. R. Mitchell, president Capital National Bank, St. Paul; W. B. Parsons, vice-president Western Elevator Co.; Clark E. Bailey, of Bailey & Bailey; H. M. Lamberton, attorney-at-law and capitalist; F. H. Thatcher, treasurer Laird, Norton Co.; William Hayes, president Hayes-Lucas Lumber Co.; F. S. Bell, secretary Laird, Norton Co.; S. L. Prentiss, vice-president; Paul Watkins, vice-president J. R. Watkins Medical Co.; E. L. King, J. R. Watkins Medical Co.; C. A. Boalt, vice-president Interstate Packing Co.; P. E. Baumgartner, cashier.

Home of the Deposit Bank of Winona, Winona, Minn.

History of the Banks Merged.

In this connection it is quite appropriate to give a bit of the history of each of the banks concerned in the merger. The Sec-

WILLIAM HARRIS LAIRD
Late President.

William Harris Laird, born in Union County, Pennsylvania in 1833, died in Baltimore, Maryland, February 4, 1910. Mr. Laird had been a resident of Winona, Minnesota, since 1855 when he moved to that city to establish the retail lumber firm of Laird Brothers. This firm was later incorporated as Laird Norton Company, with its office at Winona, Minnesota. For the last thirty years the Laird Norton Company interests have been largely interested in a number of other lumber companies, in most of which they have been associated with Frederick Weyerhaeuser. Among these are, Mississippi River Logging Company at Chippewa Falls, Wisconsin; Pine Tree Lumber Company at Little Falls, Minnesota; Weyerhaeuser Timber Company of Tacoma, Washington; and Potlatch Lumber Company of Potlatch, Idaho.

As a citizen of Winona, Mr. Laird's success now stands reflected in and about the city in many substantial evidences of his civic loyalty and general public spirit. He was, as well, a large benefactor of the religious and educational interests of the city and state.

S. L. PRENTISS
Vice-President.

PAUL E. BAUMGARTNER
Cashier.

F. A. LEMME
Assistant Cashier.

E. E. SHEPARD
Assistant Cashier.

ond National was founded in 1871 and had for its first officers, Thomas Simpson, president, and Gustavus A. Burbank, cashier; J. A. Prentiss was the second president and W. H. Laird the third. The bank started with a capital stock of $100,000, which in

A. E. RAU
Assistant Cashier.

1886 was increased to $200,000. Up to the day of consolidation the Second National was most successful in all of its operations and had gained the confidence of the entire city and community.

The Winona Deposit Bank was founded in 1868 by the late Hon. H. W. Lamberton. It was a strictly private bank and so continued until 1900, with the exception of two years, during which time it was known as the Deposit National of Winona. After the incorporation as a State bank in 1900, Mr. Lamberton was elected president; J. R. Mitchell, vice-president, and Paul E. Baumgartner, cashier. After the death of Mr. Lamberton in 1904, Mr. Mitchell became president, Mr. Baumgartner was made vice-president, and F. A. Lemme, cashier. In 1901 the capitalization was raised from $100,000 to $200,000.

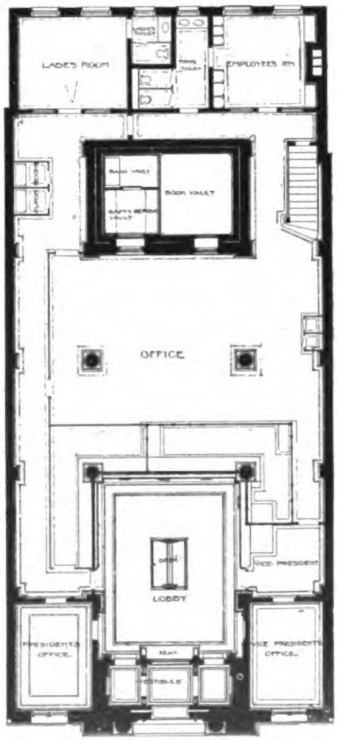
BANKING ROOMS OF THE NEW INSTITUTION.

The building to be occupied by the Deposit Bank of Winona is that which was erected for and occupied by the Second National Bank in June, 1902, and is thoroughly modern in all its appointments, and the accommodations are ample to care for the enlarged volume of business which the consolidation brings about.

The front doors of the bank slide back into pockets and expose a roomy vestibule with entry doors to the lobby on the right and exit doors on the left. This lobby is in the shape of a hollow square, with the customers' desk in the center and the officers' desks, tellers, and draft and collection clerk's counter windows arranged around the outside.

The floor of the lobby is made of ceramic mosaic tiling of a simple but pleasing design, with a verde-antique, marble base board, surmounted by mahogany woodwork of the counters and desks. Ornamental iron grills top the counters.

At either side of the lobby in the front are the private offices of the vice-president and a room for the convenience of customers, with telephone, stationery, etc., with



NIMMONS & FELLOWS, ARCHITECTS, CHICAGO.

Floor Plan.

hardwood floors, rugs and suitable furniture. The woodwork of these offices, as also of the main banking room, is of mahogany.

At the right of the lobby, behind a low counter rail, is the vice-president's desk,

Directors' Room.

Entrance to Vault.

combining accessibility and privacy. The cashier's desk is just beyond.

On the left side of the lobby is a door leading into the passage way, separated from the banking room by an iron screen used by the patrons of the bank who have safety deposit boxes in the vault. This vault is a feature of the bank of which it is justly proud. It is constructed of plates of chrome and Bessemer steel, the walls, floor and ceiling of the vault being two inches thick. This construction, the most modern in use, is further supplemented by electric protection, making it impossible when the vault is closed to penetrate the walls anywhere or to open the door a fraction of an inch without ringing an alarm The bank erected this vault and equipment at an expense of over $11,000, and furnishes to the renters of its safety deposit boxes as perfect protection as is possible.

The vault is divided into two compartments by a heavy grill, the first the safety deposit compartment and the second the bank's private and cash compartment, in which is located the large safes for the storage of cash.

Outside of the banking room and close to the vault two coupon rooms are situated, affording both convenience and the utmost privacy. In the rear of the vault and to the left is a large and pleasant room, with a private lavatory for the exclusive use of lady patrons. The bank makes a specialty of caring for ladies' accounts, and every care, consideration and courtesy will be given their business.

Adjoining the steel vault is a large bookkeepers' vault, fitted with steel shelving and roller book shelves, and over both these vaults is still a third vault, where are stored the old books, papers and accumulation of records of the past years. All vaults are protected by heavy brick walls, with air space, making them absolutely fireproof.

Public Lobby.

Banking Room.

To the rear of the bookkeepers' vault is a room devoted to the use of the employes, with a reading table, library and lockers. Just at the side of this vault is found a communicating telephone system, electric call bells, buzzers and speaking tubes, making the transaction of business between the departments most convenient.

Ladies' Department.

flight of stairs leading to the second story, where are located the suite of directors' rooms. These rooms have hardwood floors and the woodwork is finished in birch with the natural color. The equipment of the banking room is most complete, with inter-

With resources of more than three millions, a capital of $100,000, a surplus of $50,000, handsome quarters and experienced officers, the Deposit Bank of Winona, Minn., is destined to become one of the leading banks of the Northwest.

The above illustration shows one of the four cast bronze signs erected on the Mechanics-American National Bank building, St. Louis, Mo. These signs were each cast in one piece of United States standard bronze and were beautifully finished by hand-chasing. They were designed by the architects of the building, Messrs. Mauran & Russell, and were made by Jno. Williams, Inc. Bronze Foundry, New York, which company executed all the fine interior fittings of bronze, counter screens, etc.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Thomas F. Vietor has been elected a director of the National Park Bank. This institution has surplus and profits of $9,-947,101, with a capital of $3,000,000. At date of writing, there is talk of increasing the capital to $5,000,000. The total resources are $124,571,387, an increase since the last quarter of $1,330,968. Gross deposits are $108,631,083, of which $41,655,138 are individual deposits, $63,584,821 bank deposits and $3,391,124 in other deposits.

—Ogden Mills and William Stewart Tod have been elected trustees of the United States Trust Co. to succeed the late D. O. Mills and John Stewart-Kennedy.

—The first statement to be issued by the Guaranty Trust Co. since the consolidation with it of the Fifth Avenue Trust and Morton Trust Companies, appears under date of Jan. 31 and shows capital of $5,000,000; surplus of $18,000,000; undivided profits of $3,013,024; deposits of $138,116,672, and total resources of $164,411,710. The merger went into effect on Jan. 27.

—The proposal to increase the capital stock of the Knickerbocker Trust Company to $3,200,000 has been approved by the stockholders, an increase of $1,200,000 par value to be issued March 14 at $300 a share. Of the new stock $800,000 is reserved for holders of B certificates, which amount to $2,400,000 and represent money paid in by the stock holders at the time of the resumption of business in March, 1908, and which are convertible into capital stock at $300 a share. The remainder of the new capital is to be offered to the holders of the outstanding A certificates, also at $300 a share, as called for in the plan for the resumption of business. This increase gives the company a surplus of $6,000,000 and a capital of $3,200,000, completing a remarkable thirty months of recuperation from the panic of 1907.

—William E. Holloway has been elected president of the Hungarian-American Bank of New York, to succeed E. S. A. de Lima, who recently resigned to go to Mexico City as head of the Banco Mexicano de Comercio e Industria. Mr. Holloway comes from Montgomery, Ala., where he was president of the Montgomery Bank & Trust Co.

—The Manhattan Trust Company has arranged for a lease of offices in the new building to be erected at the corner of Wall and Nassau streets for a period of eighty-four years. It will occupy the first floor of the new building for the entire depth on Nassau street and half the width of the building on Wall street, together with the basement. The trust company thus retains the location which it has occupied for so long and will have the advantage of larger floor space for its increasing business. Pending the completion of its new offices the trust company will begin April 1 to occupy the offices heretofore used by the National Copper Bank at 115 Broadway.

—Deposits of the Liberty National Bank have increased nearly five million dollars since the call of Nov. 16, 1909, the amount having risen from $19,985,664 (Nov. 16, 1909) to $24,139,574 for Jan. 31, 1910. Aggregate resources have increased from $24,705,014 to $28,779,355.

—With capital of $1,000,000, surplus $1,000,000 and profits of $150,653, the Garfield National reports deposits of $9,163,567. Loans are $6,783,299, cash due from banks $3,859,465, and total resources $11,669,520.

—Charles A. Moore, president of the firm of Manning, Maxwell & Moore, has been elected chairman of the board of directors of the Van Norden Trust Company. Mr. Moore recently purchased the holdings of Van Norden stock held by Charles C. Dickenson, formerly president of the Carnegie Trust Company. Warner M. Van Norden, president of the Van Norden Trust Company, has resigned. His father, Warner Van Norden, resigned as director at the same time.

—The Hanover National Bank's statement shows total resources of $127,031,205. The gross deposits are $111,106,742, of which $23,500,034 are individual deposits, $59,992,468 bank deposits and $27,614,240 other deposits. The increase in deposits within three months is $7,078,386.

Loans and discounts, $51,027,837; bonds and securities, $10,262,950; due from banks, $5,314,413; exchanges, $35,605,532; specie and legal tender, $17,571,500; checks and cash items, $214,613. The capital is $3,000,000 and surplus and profits 11,417,068.

—There are seventeen pages of interesting reading matter in the February number of the monthly Bulletin published by the Fidelity and Casualty Company of New York—paragraphs of solid facts for the everyday banker to digest to his own good. The company has completed a prosperous year and is nearing the ten million dollar mark, present assets going beyond $9,500,000.

—Resources of $31,009,597 are shown by the statement of the Irving National Exchange Bank. The total of deposits is $27,157,781, an increase of more than $2,000,000 in the last quarter. The loans and discounts are $19,393,671; bonds and securities, $1,306,358; due from banks, $1,751,682; exchanges, $2,508,382; specie and legal tender, $4,890,217; checks and cash items, $166,530. The capital is $2,000,000 and surplus and profits $1,555,468.

—At the annual meeting of directors of the Union Trust Company, all of the former officers were reelected as follows: Augustus W. Kelley, first vice-president; John V. B. Thayer, vice-president and secretary; Edward R. Merritt, vice-president; Carroll C. Rawlings, trust officer; Henry H. Popham, T. W. Hartshorne, and Henry M. Myrick, assistant secretaries. The company reports resources of $71,495,636, a surplus of $8,034,149 and deposits of $61,485,010. Mr. Kelley, the first vice-president, will continue to preside over his company as acting president, the directors having failed to choose a new president at their meeting.

—After thirty-three years' occupancy of its building in Greeley square, the Union Dime Savings Bank, has moved into the handsome marble temple built for its exclusive use at Sixth avenue and Fortieth street. The new quarters combine every known convenience for facilitating the business of banking.

—The Mercantile National of New York has made the following excellent statement

of condition at the close of business January 31: Loans and discounts, $12,570,512.74; U. S. bonds, $1,283,875; real estate and securities, $890,705; cash and due from banks, $3,165,198.86; total resources, $18,801,101.78. The bank has a capital of $3,000,000; surplus and profits, $2,647,241.47, and deposits, $11,880,198.81.

NEW ENGLAND STATES.

—James A. Parker, who since 1900 has been vice-president of the Old Colony Trust Co. of Boston, has resigned from that company to enter the firm of Charles Head & Co.

Charles Head, the founder and the senior member of the firm of Charles Head & Co., died in January. The New York members of the firm are Dexter Blagden, William G. Borland, Charles S. McCobb and Charles C. West. The present Boston member is James Sullivan. The firm was formed in 1875; it has two seats on the New York stock exchange and one seat on the Boston stock exchange. Mr. Parker will enter the firm on April 1 and he will have his headquarters in Boston.

—A recommendation to the stockholders of the First National Bank of Boston, that the capital stock of the institution be increased from $2,000,000 to $3,000,000 by the issue of 10,000 shares at $300 per share, has been voted by the directors of the bank. Shareholders will be given the right to subscribe for one new share for each two shares now held. Payments are to be made April 4. The present book value of the stock is $278 per share, but recent sales have been made at $400. The issuance of the additional shares of stock at $300 per share will add a total of $3,000,000 to capital, surplus and undivided profits. Of this amount $1,000,000 will be added to capital account, $1,000,000 to surplus account and $1,000,000 to undivided profits. This will make total capital, surplus and undivided profits $8,500,000, as compared with $5,500,000 at present. After the proposed increase, these items will compare as follows with the amounts at present.

	At Present.	After Increase.
Capital	$2,000,000	$3,000,000
Surplus	2,000,000	3,000,000
Undivided profits	1,500,000	2,500,000

Shareholders' meeting will be held March 14.

Edwin R. Rooney has been appointed an assistant cashier of the bank.

—Assistant Cashier Henry O. Fuller of the second National Bank of Boston, has resigned after loyal service extending over a period of forty-three years. In accepting the resignation the directors of the bank made the following entry on their records:

"Henry O. Fuller entered the service of the Second National Bank, Boston, in November, 1867. Since then he has given his entire time to the service of the bank and during the whole period had shown great ability, unswerving integrity and loyal service to its best interests. The directors regret that he feels compelled to sever his connection with the bank which he has served so long and faithfully."

The directors of the bank have voted to tender Mr. Fuller a fitting testimonial of his long and efficient service.

—Through the absorption of the City Trust Company of Boston the Old Colony Trust Company of Boston becomes the largest trust company in the country outside of New York and Chicago. Its deposits

now exceed $65,000,000 and its surplus $13,-000,000.

The directing head of the new institution is T. Jefferson Coolidge, Jr., who has been chairman of the executive committee of the Old Colony, and who retains the same title. Philip Stockton, president of the City Trust Company, becomes president of the new Old Colony. Mr. Coolidge, however, will retain the active management of the institution.

The commodious new home of the Old Colony Trust Company on Court street, which has just been finished, has been somewhat changed to accommodate the larger business of the consolidation. The City Trust Company gives up its quarters. The Temple place branch of the Old Colony will be continued as heretofore, but as the Massachusetts law allows only one branch to a trust company, the Bunker Hill branch of the City Trust Company will be taken over by the American Trust Company.

The stockholders of the City Trust Company become stockholders of the combined company. The capital of the Old Colony has been increased to $2,500,000, and the stockholders of the City Trust will change their holdings for the new shares at the rate of five shares of City Trust stock for three shares of Old Colony.

The Old Colony has been paying dividends at the rate of twenty per cent. a year practically since its formation in 1890 and has accumulated an enormous surplus. The City Trust Company has also been very successful. The consolidation is made in the interests of economy. Both conduct practically the same kind of business, and it was felt that with a consolidation even better results could be accomplished at less expense.

—The National Shawmut Bank leads all of the Boston financial institutions, not alone in point of volume of business done, but in the remarkable increase shown since the statement of Nov. 16 last. While the majority of national banks in the Jan. 31 statement to the comptroller of the currency showed a decrease, the National Shawmut Bank increase amounts to $2,145,584,

the total deposits at this time being $83,-889,168.

—At the annual meeting of the Bay State Trust Co. of Boston, Philip Dexter and William Endicott, Jr., were added to the board of directors.

—E. A. Onthank, the new president of the Safety Fund National Bank of Fitchburg, Mass., has been cashier of that institution since 1897, and its executive officer for the past six years. He was with the

E. A. ONTHANK
President Safety Fund National Bank, Fitchburg, Mass.

Blackstone National Bank of Boston, in various capacities, before taking up his duties in Fitchburg. During the six years Mr. Onthank has served as executive officer, the Safety Fund National has had a prosperous satisfying growth, and his promotion to the presidency as the successor of Albert N. Lowe, who declined reelection, is in recognition of his capabilities. Samuel H. Lowe, teller, succeeds to the office of cashier.

—The Beverly National Bank of Beverly, Mass., has arranged to increase its capital from $200,000 to $300,000. The proposition was ratified by the stockholders on Jan. 11, and the enlarged capital will become effective on April 15. The additional stock will be issued at $150 per $100 share, the premium of $50,000 going to surplus.

—Frank W. Derby has resigned as cashier of the Athol (Mass.) National Bank, and will accept a position as representative of the Interstate Mortgage & Trust Co., of Parsons, Kan., which has an eastern office at Greenfield. He has been cashier of the Athol National about fifteen months and before that was with the Millers River National Bank twenty-one years.

—The Rutland County National Bank of Rutland, Vt., has reduced its capital from $300,000 to $100,000. The change was indorsed at a special meeting of the stockholders on Dec. 27 and went into operation on the first of the year. With its reduced capital, the bank reports a surplus of $50,000 and undivided profits of $7,500. Henry F. Field is president; E. C. Lewis, vice-president, and Carl S. Cole, cashier.

—Francis A. Beach, secretary and treasurer of the Bristol (Conn.) Trust Company has been elected cashier of the Middletown (Conn.) National Bank, to take effect July 1. He will remain with the Bristol Trust Co. until about that time. Mr. Beach came to Bristol from the Middletown National where he was assistant cashier, serving in that institution for twenty-one years.

EASTERN STATES.

—The First National Bank of Pittsburgh reports deposits amounting to $23,339,021.89 on January 31, 1910, an increase of more than $4,000,000 in less than a year, since deposits were $19,255,429.20 on February 5, 1909.

—At a recent meeting of the directors of the Union Savings Bank of Pittsburgh $100,000 was added to surplus, increasing the fund to $600,000. The capital stock is $1,000,000.

—The Mellon National of Pittsburgh shows a gain in total resources during the past year of $3,700,000 and in deposits of $3,200,000 Resources now total $43,785,-653; deposits, $33,837,684; loans, bonds and investments, $33,933,758; capital $4,000,000; surplus and undivided profits, $3,001,671; due from banks, $5,156,902; cash, $4,694,897.

—At a meeting of the board of directors of the Commonwealth Trust Company of Pittsburgh, the following officers were elected: John W. Herron, president; S. Bailey, Jr., and W. M. Kennedy, vice- presidents; George D. Edwards, secretary and treasurer; W. S. Gundelfinger, assistant secretary; George H. Stengel, trust officer. W. Hageman, formerly trust officer of the Mercantile Trust Company, was elected assistant trust officer.

—The Exchange National of Pittsburgh makes a remarkable showing. Total deposits are $3,886,635, an increase of $1,920,601, or ninety-eight per cent. for seven months. This percentage of increase has probably never been equaled in Pittsburgh, without a consolidation or merger. The growth of the Exchange National since Joseph W. Marsh became president and Alexander Dunbar cashier has been a matter of comment in banking circles.

—William Zoller, of the firm of William Zoller Co., has been elected president of the American Deposit & Trust Co. of Pittsburgh, succeeding O. P. Cochran, deceased. Mr. Zoller has been connected with the institution since its organization, and is one of the well-known business men of the city.

—A fine showing is made by the Keystone National, which reports deposits of $3,358,986, comparing with $3,271,116 on Feb. 5, 1909. Total resources are $5,252,728; capital stock, $500,000; surplus fund, $750,000; undivided profits, $157,186.

—In its condensed statement made to the Comptroller of the Currency, Jan. 31, 1910, the Diamond National Bank of Pittsburgh, reveals a business that is growing steadily and rapidly compared with its capital of $600,000. There is a report of a surplus and profits of $1,661,000. Depositors are protected by easily liquidated assets of $7,753,840. The item of over drafts of which there are $281 is conspicuous because of its smallness while perhaps the most interesting item of the statement is that of deposits, which now total $5,181,275. Since organization the Diamond National has paid in dividends $1,264,334.

—William A. Law, president of the Merchants' National Bank of Philadelphia, has been elected to the vacancy in the Abitration Committee of the Philadelphia Clearing-House made by the resignation of Charles Porter.

—The Corn Exchange National of Philadelphia rendered its usual splendid report to the Comptroller at the close of business Jan. 31: Loans and investments, $14,277,674.88; due from banks, $2,383,398.51; cash and exchanges, $5,906,883.72; total resources, $22,567,957.11. The capital is $1,000,000; surplus and profits, $1,447,481.54, and deposits $19,288,675.57.

—Increases are shown in several features of the report of the Fourth Street National of Philadelphia compared with the call of a year ago. A noteworthy gain appears in the deposits, for example, which were increased according to the report of Jan. 31, $2,367,555, and are now $45,815,501. Surplus and net profits are $6,214,128; capital. $3,000,000; loans and discounts, $36,198,009; due from banks, cash and reserve, $18,671,399; resources, $57,949,130.

—With the election of E. F. Shanbacker to the presidency of the Fourth Street National Bank of Philadelphia, James Hay has been chosen as first vice-president, the post which Mr. Shanbacker vacates. B. M. Faires continues as second vice-president, and a third vice-president, Frank G. Rogers, heretofore manager of the foreign exchange department, has been appointed. Mr. Shanbacker, the new president, has been identified with the bank for twenty years. He entered its employ as a stenographer, but his capabilities quickly earned for him a place on the executive staff, and his advancement, step by step since his assignment to the office of assistant cashier, places

him to-day, at the age of forty, at the head of one of the foremost of the Quaker City's banking institutions. Sydney F. Tyler continues as chairman of the bank's board.

—The Franklin National Bank of Philadelphia, which has just completed the first decade of its business life, reports $34,133,662 in deposits. Loans are $22,736,391; cash and due from banks, $13,295,392; capital, $1,000,000; surplus and profits, $2,607,428, and resources, $38,278,240. Creditable increases are shown in almost every important item of the bank's statement.

—William T. Tomlinson has been appointed second assistant cashier of the Third National Bank.

—George H. Earle, Jr., long prominent in Philadelphia's financial world, has announced his retirement as president of the Market Street National Bank and the Tradesmen's National Bank, owing to the pressure of other business matters, including the work involved as president of the Real Estate Trust Company, which he successfully reorganized.

James F. Sullivan, who has been first vice-president of the Market Street National Bank, succeeds Mr. Earle in the office of president of that institution, Mr. Earle remaining as vice-president.

Mr. Earle has taken similar action as to his relation to the Tradesmen's National Bank. A. B. Loeb, now vice-president becoming its president, and Mr. Earle remaining as vice-president.

During Mr. Earle's term of service the Market Street National Bank has added over $1,000,000 to surplus accounts, while the Tradesmen's Bank has accumulated nearly the same amount. The capital of the Market Street National Bank is $1,000,000, and the surplus and undivided profits are about $1,100,000. The capital of the Tradesmen's National Bank is $500,000, and the surplus and undivided profits $777,000.

—Edward Austin Waters has been elected title and trust officer of the Germantown Trust Company of Philadelphia, to succeed Jay Gates, who is now with the Pennsylvania Company for Insurance on Lives and Granting Annuities.

—The one hundredth anniversary of the York National Bank, the oldest financial institution in York, Pa., was celebrated January 31. A modern bank building of Colonial architecture, resembling the one in design which was used when the institution began business, will be ready for occupancy about April 1 on the site where the business of the bank has been conducted for a century. The bank has a record of not once failing to pay its semi-annual dividends.

—Louis S. Zimmerman, who has been acting president of the Maryland Trust Company of Baltimore since the resignation of Grier Hersh in January, 1908, has been regularly elected president of the company. Mr. Zimmerman has been identified with the institution since its establishment in 1895, and was elected secretary at the time of its reorganization in 1905. Henry C. Matthews has been chosen to the directorate of the institution, to take the place of G. Clymer Brooke, who was unable to accept re-election.

—Herbert H. Owens has become assistant cashier of the Farmers' & Merchants' National Bank of Baltimore. Mr. Owens had been general bookkeeper of the institution.

—In its statement to the Comptroller of condition as of date January 31, the First National Bank of Baltimore shows general gains over the last preceding statement. In the seventy-day interval the loan item had increased $80,999 and was on the later date, $3,972,914. Deposits were $6,379,120, an increase of $39,823; cash and due from banks, $2,860,741; increase, $14,602, and total resources, $8,506,496. The capital is $1,000,000, and surplus and profits, $528,493.

—Owing to ill-health, Isaac H. Dixon has resigned as vice-president of the National

Union Bank of Maryland at Baltimore. He remains as a member of the directorate of the institution.

—Charles W. Warden, the newly elected president of the United States Trust Company of Washington, D. C., was born at Culpepper, Va., a little more than forty years ago. He resided during his youth and early manhood in Staunton, Va., and until June, 1908, was a director and cashier

CHARLES W. WARDEN
President United States Trust Co.,
Washington, D. C.

of the First National Bank of Bristol, Tenn.-Va. He is still a vice-president of that institution, which has become very prosperous under his administration. In June, 1908, Mr. Warden was invited to become the active head of the United States Trust Company of Washington, D. C., which is today enjoying a solid and steady growth. In January of the present year he was advanced from first vice-president to the presidency as a tribute to his eminent qualifications and executive ability.

The United States Trust Company has a paid-in capital of $1,000,000, contributed by nearly 600 shareholders, a directorate of thirty active business men, and every element and prospect of a successful future.

—H. Ward Ford has been elected president of the First National Bank of Morristown, N. J., succeeding the late Albert H. Vernam. Mr. Ford is vice-president and treasurer of the Windsor Trust Company of New York.

—The Columbia National of Buffalo reports as follows, January 31: Loans, $7,909,-290.27; United States and other bonds, $2,057,910; cash and reserve, $1,897,762.71; total resources, $11,864,962.98. The capital is $2,000,000; surplus and profits, $924,-069.13; deposits, $7,688,793.85.

SOUTHERN STATES.

—Several significant items show decided increase in the statement of the First National Bank of Richmond, Va., covering to January 31. The total resources are now $10,084,398, an increase during the year of $1,100,742. The loans and deposits are $7,-127,268, an increase of $593,987, while cash and dues from other banks are $1,825,433, larger by $536,079 than a twelve month earlier. The surplus fund the last year has been raised from $800,000 to $900,000.

—Deposits of the National Bank of Fairmont, W. Va., have increased $695,408 since January 1, 1909, and are now given as $1,801,869. This is an evidence of successful management which has inspired public confidence. On January 31, 1910, the bank reported loans and discounts of $1,303,731; it has a capital of $200,000, a surplus of $250,-000, and total resources of $2,406,106.

—Arrangements for the consolidation of the Wachovia National Bank and the Wachovia Loan & Trust Company of Winston-Salem, N. C., under the name of the Wachovia Bank & Trust Company, are reported as having been ratified by the stockholders of the two institutions on February 3. The bank has a capital of $150,000. The trust company purposes to increase its authorized capital from $1,000,000 to $2,000,000. Officers will be elected later in the year, but at present, Col. F. H. Fries and James A. Gray, presidents of the Wachovia Loan & Trust Company and the Wachovia National Bank, will be the active managers.

—Organized January 5, 1910, with a capital of $100,000, the Southern Trust Company

of Hawkinsville, Ga., will accept business of all kinds usually assumed by a trust company, and will also allow liberal interest on time deposits. The officers are: T. B. Ragan, president; E. J. Henry, vice-president; H. E. Coats, secretary and treasurer.

—Eugene W. Stetson has become president of the Citizens' National Bank of Macon, Ga., succeeding W. C. Stevens, resigned. Mr. Stetson is replaced as cashier by B. S. Walker, Jr., heretofore assistant cashier.

—An increase in deposits of $1,313,682 within a year is a feature of the statement of the Fourth National Bank of Atlanta, Ga. Its assets are $7,698,879, of which $4,686,672 are loans and discounts. The deposits are now $5,765,783, while the surplus and undivided profits total $737,896. The capital is $600,000.

—The First National Bank of Birmingham, Ala., reports January 31, 1910, loans and discounts, $6,839,003; total cash, $3,626,858; capital stock, $1,000,000; surplus and profits, $841,401; circulation, $1,000,000; total deposits, $9,127,612; total resources, $11,969,013. W. P. G. Harding, president; J. H. Woodward and J. H. Barr, vice-presidents; Thomas Hopkins, cashier, and F. S. Foster and Thomas Bowron, assistant cashiers; J. E. Ozburn, secretary savings department.

—We note from the January 31 statement of the Bankers Trust Company of Houston, Texas, that the company has earned in net figures, $60,000 since opening, this being an earning of twelve per cent. on the capital of $500,000. Although deposits are not received, the company has been unusually successful.

From 1890, the year of its organization to the present time, the South Texas National Bank of Houston has earned for its stockholders more than double the amount of original capital stock. Present resources are reported to be $5,128,720, and deposits exceed $4,000,000.

—The First National of Houston, Texas, reports as follows at the close of business January 31: Loans and discounts, $4,235,735.49; United States and other bonds and stocks, $1,066,298; cash and due from banks, $2,183,003.80; total resources, $8,145,037.29. The capital is $1,000,000; surplus and profits, $270,620.16; deposits, $5,872,417.13.

—The stockholders of the American National Bank of El Paso, Texas, at their annual meeting ratified a proposition to increase the capital from $200,000 to $300,000. T. M. Wingo has been elected to succeed A. P. Coles, resigned, as president of the bank.

—The American Exchange National of Dallas, in its report of January 31, makes the following gratifying statement: Loans and discounts, $7,016,197.90; United States and other bonds and stocks, $1,200,000; cash and due from banks, $3,420,802.75; total resources, $11,757,000.65. The capital is $1,000,000; surplus and profits, $944,506.90; deposits, $8,818,993.75.

—In its statement, in response to the recent call of the Comptroller of the Currency, the City National Bank of Dallas makes its first official report since the consolidation with it of the Trinity National Bank on January 11 last. The loans and discounts are $7,392,723; deposits, $9,777,973; cash and due from banks, $3,926,451, and total resources, $12,259,174. The capital of the City National is $1,000,000 and its surplus and profits, $1,025,301. Dallas now claims the bank with the largest deposit account in Texas, and, with one exception, the largest of any national bank in the Southern States.

—Owing to the pressure of other business affairs, R. Brinkley Snowden declined re-election as vice-president of the Bank of Commerce & Trust Company of Memphis, Tenn., at the recent annual meeting. The following officials were re-elected: O. H. P. Piper, president; T. O. Vinton, vice-president; James H. Fisher, secretary; E. L. Rice, cashier; S. Z. Shepard, trust officer, and G. A. Bone, auditor.

MIDDLE STATES.

—An excellent showing is made by the Merchants' Loan & Trust Company of Chicago, in its statement of condition at the opening of business February 1, made to the State Auditor. Loans and discounts are $31,612,194; investments, $7,912,968; deposits, $52,717,860. Cash and due from banks, $21,865,670, and total resources, $61,390,833. The capital stock of the Merchants Loan & Trust is $3,000,000; surplus fund, $5,000,000, and undivided profits, $502,000.

The First National on January 31 had $46,851,000 in cash, as compared with $44,391,000 last November. The Commercial had $24,451,000, against $27,231,000. The Continental had $36,397,000, against $39,786,000, and the Corn Exchange, $23,273,000, as compared with $20,805,000.

—Robert Jones has been elected president of the Drexel State Bank of Chicago, and Vice-President Vanvechten of the Commercial National was made chairman of the board.

—Reporting its condition at the close of business January 31, the statement of the Fort Dearborn National Bank of Chicago shows: Loans and discounts, $8,492,733; deposits, $13,212,286; cash and exchange, $5,353,834, and total resources, $15,575,412. The capital is $1,000,000 and surplus and profits, $368,394.

—N. C. Kingsbury, president of the Michigan State Telephone Company, with headquarters in Detroit, has been elected a director and vice-president of the Harris Trust and Savings Bank of Chicago. Mr. Kingsbury was formerly with the Jeffrey Manufacturing Company of Columbus, but several years ago was taken by N. W. Harris & Co. to Detroit as general manager of the Michigan State Telephone Company and later was made its president. He will continue in charge of the big telephone company as president and general manager, but also will be active in the management of the trust company.

—The National Bank of the Republic, Chicago, makes a splendid showing in its report to the Comptroller, January 31: Loans, $17,340,652.57; United States bonds, $1,763,023.27; cash and exchange, $10,949,714.85; total resources, $30,079,767.49. The capital is $2,000,000; surplus and profits, $1,173,261.92; deposits, $24,506,505.57.

—W. Irving Osborne, a vice-president of the Central Trust Company of Illinois, Chicago, since the organization of the bank, will retire on April 1 to assume the presidency of the new Commercial Trust & Savings Bank of Chicago. His place will be taken by William T. Abbott, formerly of Peoria, Ill., where he was connected with the law firm of Stevens, Horton & Abbott, but more recently of Richter, Montgomery & Hart of Chicago. A new director has been elected in Julius Kruttschnitt, vice-president and director of operation and maintenance of the Union and Southern Pacific railroad systems. Mr. Kruttschnitt has about 1,900 miles of railroad under his direct supervision, which is perhaps the greatest mileage under the direction of one man in the country.

—Thomas E. Lovejoy, vice-president of the Montgomery Bank & Trust Company of Montgomery, Ala., has been elected president of the institution, succeeding W. E. Holloway.

—The four leading national banks of Chicago report the principal items in their conditions as of January 31, compared with the figures for November 16, 1909, as follows:

	Loans		Deposits	
	Jan. 31,	Nov. 16.	Jan. 31.	Nov. 16.
First National	$80,480,000	$69,354,000	$107,877,000	$105,140,000
Commercial	47,251,000	45,742,000	67,944,000	69,445,000
Continental	62,804,000	60,842,000	90,964,000	91,606,000
Corn Exchange	40,885,000	41,142,000	60,867,000	59,230,000

—By purchasing outright the liabilities of the Hamilton National Bank, the National City Bank of Chicago comes into possession of more than twenty-two million of deposits. A bonus was paid over to bind the transaction, which proved acceptable to the Hamilton's stockholders.

The Hamilton National Bank was organized about seven years ago and has accumulated $7,635,948 deposits. It was formerly located in the old Merchants' National building, opposite the City Hall, and advertised itself as "the only bank north of Madison street." It is now at the corner of Monroe and La Salle streets. The National City Bank was organized about three years ago and has deposits of $14,707,386.

A comparison of the loans, capital, surplus and deposits, shown by the statements of January 31, 1910, shows the following:

	National City.	Hamilton.	Both.
Loans	$9,563,395	$4,479,458	$14,042,853
Capital ...	1,500,000	500,000	2,000,000
Surplus	517,476	145,104	662,580
Deposits ..	14,707,386	7,635,948	22,343,334

Practically all of the official and clerical force goes to the absorbing bank, and will be provided for. Charles B. Pike, president of the Hamilton, becomes a vice-president of the National City, and W. T. Perkins, Henry Meyer and W. N. Jarnagan are made assistant cashiers.

—A combined statement as of January 31 of the Drovers Deposit National Bank and the Drovers Trust and Savings Bank discloses the following figures: Loans and discounts, $6,410,550.49; overdrafts, $4,-199.17; United States and other bonds, $1,340,636.58; premiums on bonds, $15,500; cash and due from banks, $3,351,817.22; capital stock paid in, $800,000; surplus and profits, $505,493.22; national bank notes outstanding, $438,350; reserved for taxes, $15,-389.96; deposits, $9,363,470.28. Total resources are reported to be $11,122,703.46. The Drovers Deposit National has deposits of $7,226,576.28.

—Application has been made at Springfield, Ill., for the incorporation of the La Salle Street Trust Company of Chicago, with $1,000,000 capital; and at Washington, it is reported, for a charter for the La Salle Street National Bank, with a capital also of $1,000,000. The old banking rooms of the Corn Exchange National, in the Rookery, have been leased. Senator Lorimer's sons are interested.

—The First National of Milwaukee, at the close of business, January 31, made the following favorable report to the Comptroller: Loans, $13,543,376.48; United States bonds and other securities, $2,587,259.55; cash and due from banks, $5,710,705.07; total resources, $21,905,235.45. The capital is $2,000,000; surplus and profits, $827,-369.39; deposits, $17,340.085.35.

—Leading all the other Minneapolis banking institutions, the Northwestern National reports for January 31 deposits of $27,455,941.24. Compared with its report of February 5, 1909, there has been an increase of $2,911,329.99 in deposits alone. This bank publishes monthly an interesting four page review of banking conditions in Minneapolis and the State.

—L. E. Stevens, new president of the Century Savings Bank of Des Moines, Ia., succeeding L. C. Harrison, has been cashier of the Ottumwa National Bank for ten years, and is president of the Iowa State Bankers' Association.

—Members of the Des Moines Clearing House Association have voted adversely on a resolution endorsed some weeks ago by its executive committee, recommending the employment of a Clearing House examiner. The plan has been put in operation by the associations in a number of cities since its adoption by the Chicago Clearing-House Association in 1906—notably in Minneapolis, San Francisco and Los Angeles.

—The National Reserve Bank, with a capital of $1,000,000 and a surplus of $200,-000, opens March 1 in Kansas City, Mo. It will be managed largely by bankers from Oklahoma. C. B. McCluskey, president of the Oklahoma State Bank of Muskogee,

Okla., will be president; Amos Gibson, of the St. Louis Security Company in Muskogee, vice-president; J. L. Johnson, of the First National Bank of Muskogee, cashier, and J. T. M. Johnson, chairman of the board of directors. Other members of the board will be W. E. Halsell of Vanita, O. G Lee of Oklahoma City, and C. S. Cobb of Muskogee.

—A gain of nearly a million dollars is shown in the deposits of the National Bank of Commerce in St. Louis, between the Comptroller's calls of November 16, 1909, and January 31, 1910. The total in the latest statement is $63,832,266, as against $62,918,580 in the November report. The resources have correspondingly increased in the interval referred to and are now $91,-298,883, as compared with $90,329,621. The bank has a capital of $10,000,000 and surplus and profits of $8,364,620. B. F. Edwards is president and J. A. Lewis, cashier.

—For January 31 the American National Bank of Indianapolis reports loans of $4,-746,485, an increase of $148,614 over the last quarter and deposits of $7,037,209, an increase of $46,158. The resources total $12,-906,842, the surplus and undivided profits being $651,260. Its capital, $1,500,000, is the largest in Indiana.

—A material increase is shown in the deposits of the Fifth-Third National Bank of Cincinnati since the official call of November 16, 1909. On that date deposits were reported at 613,679,139, while on January 31 last the amount was $16,861,254, being a gain of over $3,000,000 in less than three months. While the bank took over the business of the private banking house of S. Kuhn & Sons in January, only about one-third of the growth in its deposits shown above may be attributed to that source. The aggregate resources of the Fifth-Third National have reached $23,482,385 in the latest statement.

—George B. Donavin has become president of the Security Savings Bank of Columbus, Ohio, succeeding Emery J. Smith, who retires from the presidency and the directorate.

—An increase in capital of the Commercial National Bank of Chicago has been ratified by the stockholders and the bank will issue $1,000,000 of new stock at $220 per share, thereby not only raising its capital from $7,000,000 to $8,000,000, but providing the capital ($1,000,000) for the new Commercial Trust and Savings Bank, which is to be an adjunct of the national bank. W. Irving Osborne, who has been chosen president of the Commercial Trust and Savings Bank, has been elected a director of the Commercial National.

WESTERN STATES.

—All directors and officers of the seven banks of Colorado Springs and Colorado City, Colo., were re-elected at the annual meetings. Three new offices were created, E. P. Shove being made second vice-president of the El Paso National; W. D. Hemming, second assistant cashier of the El Paso National, and William I. Howbert, second assistant cashier of the First National.

—The Hibernia Bank & Trust Company of Denver, Colo., incorporated in January with $100,000 capital, has begun business at 1620 Arapahoe street. The new institution, it is stated, has a surplus of $30,000, and, according to the Denver *Republican*, it has absorbed the business of the McMann-Hesse Investment Company and that of S. J. Young & Co. The officers are: John E. Hesse, president; W. O. Reynolds, William R. Leonard and M. C. Harrington, vice-presidents; Samuel J. Young, secretary and treasurer; and L. Maroney, chairman of the board of directors. In addition to conducting a general banking and trust business, the company intends to operate real estate, insurance and bond departments.

—The Comptroller of the Currency has authorized the National Copper Bank of Salt Lake City, Utah, capital $500,000, to begin business.

—F. A. Blackwell has been elected president of the Lewiston National Bank of Lewiston, Idaho, succeeding Frank W. Kettenbach, resigned. John Alexander has been

elected vice-president and William Thomson has become cashier. Under date of December 19 the Portland *Oregonian* reported the sale of ninety per cent. of the stock of the bank to the Union Securities Company for a consideration approximating $250,000. The sale was said to carry the entire interests of F. W. Kettenbach and W. F. Kettenbach. The *Oregonian* stated, however, that the Idaho Trust Company, which was merged with the bank two years ago, will now be separated from the bank.

—The Planters' & Mechanics' Bank of Oklahoma City, Okla., has increased its capital from $25,000 to $50,000. The new stock was subscribed by the old shareholders. The bank has a surplus of $7,000.

—Organizers of the Exchange National Bank, to operate in Tulsa, Okla., as the successor to the defunct Farmers' National, have made P. J. White, president, and M. Hughes, cashier. The bank has a capital of $150,000 and a surplus of $50,000.

—A new night and day bank is to be opened in Muskogee, Okla. It will operate under a State charter, and will be open from 8 A. M. to 10 P. M., except Saturdays, when it will remain open until midnight. R. H. Beard is president of the bank, Webb Land is vice-president and Roy Nabors is cashier of the institution.

—Fred C. French, newly elected cashier of the First National of Hutchinson, Kansas, has been connected with the Schuyler County Bank of Lancaster, Mo., since 1892 and has been its cashier since January, 1899. The First National of Hutchinson has a capital stock of $200,000, with a surplus and profits of over $80,000 and deposits of over a million and a half dollars, its total resources being over two million dollars.

—The Yellowstone National Bank of Billings, Montana, reports deposits of $897,664.32; loans and discounts, $673,-511.66; cash on hand and in bank, $342,-078.28. Total resources, $1,080,589.94

—J. M. Keith, formerly vice-president of the First National Bank of Missoula, Montana, has severed his connection with that institution and has bought the controlling interest of the Missoula Trust and Security Bank and is now its president.

PACIFIC STATES.

—The Traders' National of Spokane reports as follows at the close of business January 31: Loans and discounts, $4,243,-529.07; United States and other bonds, $607,554.94; cash and due from banks, $3,006,394.82; total resources, $8,077,778.83.

The capital is $1,000,000; surplus and profits, $234,786.94; deposits, $6,449,991.89.

—For January 31 the Old National of Spokane makes the following statement: Loans and discounts, $5,620,106.73; United States and other bonds and warrants, $1,667,340.24; cash and due from banks, $3,946,767.06; total resources, $11,587,714.03. The capital is $1,000,000; undivided profits, $260,275.66, and deposits, $9,327,438.37.

—At a special meeting, directors of the First National Bank of Portland, Oregon, accepted the resignation of W. C. Alvord as first assistant cashier and then elected him director. The board also abolished the offices of the first and second assistant cashiers and appointed B. F. Stevens, D. W. Ross and A. O. Jones, assistant cashiers.

—The Citizens' National Bank of Seattle opened under that name February 11, the Comptroller of the Currency having authorized the bank to commence business. The bank succeeds H. O. Shuey & Co., for years one of the leading institutions of the city. The officers are H. O. Shuey, president; Samuel Rosenberg, vice-president; Franklin Shuey, cashier; and E. E. Campbell, assistant cashier. These men, with the following, make up the board of directors: S. A. Keenan, James A. Moore and R. L. McCormick.

—B. S. Sheire, who has been cashier of the First National Bank of Hillyard, Wash., since its organization, has resigned, to take the office of cashier on the *Inland Herald*, Spokane's new daily paper. His successor has not yet been chosen.

—The Bank of California, San Francisco, one of the oldest and most popular banks in California, has changed from a state bank to a national, and has received its certificate from the Comptroller of the Currency. The title of the bank will hereafter be The Bank of California National Association. It will be administered by the same officers and will have no change in capital. I. F. Moulton, cashier, has been elected vice-president to succeed Frank B. Anderson, who advanced to the presidency. Mr. Moulton has also been elected a director of the institution.

The Bank of California is looked upon as a landmark in San Francisco and its vicissitudes have been coincident with those of the city. When it was on the verge of failure it was rehabilitated through the personal efforts of D. O. Mills, and since then has been considered one of the strongest banks in the State.

—Situated in the heart of San Francisco's commercial district, doing a strictly commercial business, the American National of San Francisco shows cash and exchange, $3,010,829.99; deposits, $6,716,593.24; capital stock, $1,000,000, and totals, $9,415,890.51. The officers of this bank are: P. E. Bowles, president; Francis Cutting, vice-president; George N. O'Brien, cashier; E. J. Broberg, Russell Lowry, assistant cashiers, and H. de Saint Seine, manager foreign exchange department.

CANADA.

—The profits of the Dominion Bank last year were $620,927, being only 3.17 per cent. less than those of the previous year. This is an excellent record in view of the money

market conditions. Of the $942,191 available for distribution, dividends were paid at the rate of twelve per cent. per annum and the transfer of $18,268 to reserve fund accounted for $496,424. An amount of $150,000 was written off bank premises, which left a balance of profit and loss to be carried forward of $295,766.

A number of new branches were opened in several important Western Canadian centres and at other points in the Dominion where it had appeared advantageous to do so. Sites have also been purchased in Calgary, Edmonton, Brandon, Moose Jaw, Toronto and Montreal, and suitable buildings will be erected in due course.

An important by-law authorizing an increase in the capital stock of the bank from $5,000,000 to $10,000,000 was carried at the meeting. The present capital stock is $5,000,000, of which $4,000,000 has been issued and fully paid up.

—Mr. Stuart Strathy, general manager of the Traders' Bank, in a part of his annual report, called attention to the rapid progress and expansion of his institution. The deposits have increased from $25,300,000 to $29,800,000 and the circulation has risen by $400,000. The following figures illustrate at a glance the extension of the business:

	1899.	1909.
Capital paid up........	$700,000	$4,354,500
Rest Account	70,000	2,200,000
Deposits	5,661,000	29,813,000
Circulation	681,000	3,060,000
Total assets	7,638,000	39,963,000

A branch of the Traders' Bank has been opened in Erskine, Alberta, and we are advised that one would be opened in Matheson, Ontario, about February 21. This will make 106 branches of the Traders' Bank in Canada.

—Deposits of the United Empire Bank have increased by over eighty-six per cent., and current loans and discounts from $1,259,596 to $2,169,415. Total business for the year ended December 31, 1909, increased from $2,068,175 to $3,267,159. Net profits for the year amounted to $27,700.

—The Merchants' Bank has opened a branch at Antler, Sask., on the Arcola branch of the Canadian Pacific Railway. F. W. Newton, lately of Portage la Prairie Branch, will be in charge.

—At the annual meeting of the Bank of Nova Scotia, at Halifax, General Manager H. C. McLeod resigned that position, but remains on the board as a director. He was succeeded by H. A. Richardson, hitherto manager of the Toronto branch.

The retiring directorate was re-elected with the addition of Mr. Nathaniel Curry, president of the Canada Car and Foundry Company of Montreal.

It was decided to increase the bank capital from $3,000,000 to $4,000,000, an announcement that was well received.

The bank has enjoyed an exceptionally prosperous year, as the different reports presented were of a most satisfactory nature. The earnings for 1909 showed over eighteen per cent. on the paid-up capital.

—The Mercantile Trust Company, Limited, has just received its charter and will have its head office in Vancouver. Of its $100,000 capital subscribed, $60,000 is said to be paid-in. The company is allowed special power under its charter, and can act as administrator and executor of estates, transfer agents for stock companies and in such other capacities common to trust companies, and will besides engage in a general real estate, loan and stock broking business. Carl Manford will be the managing director.

—The net profits of the Northern Crown Bank for the past year were $193,659, which compares with $132,585 last year, a gain of $61,074. In view of the low money rates prevailing during 1909 and the large amount which the bank was compelled to keep on call in order to provide for the return of its circulation, which expanded rapidly during October and November, this record is most satisfactory. As a helpful factor, the management was able to take advantage of favorable conditions in the West and to invest the bulk of the bank's funds at profitable rates. The total amount available for distribution was $322,788. Dividends at the rate of five per cent. per annum accounted for $110,112, $5,000 was transferred to officers' pension fund and $5,000 was written off bank premises. In addition, a sum of $50,000 was transferred to reserve fund, which now amounts to $100,000.

—James Manchester, president of the Bank of New Brunswick, head office, St. John, N. B., in his presentation of the directors' report, stated that the net profits for the year amounted to $136,305. Branches have been opened at Hillsborough, N. B., and Aylesford, N. S. Total assets are $8,887,780.

THE NATIONAL BANK OF CUBA.

HASKINS & SELLS, certified public accountants of New York and London, have examined and duly certified the ninth annual report of the National Bank of Cuba, head office Havana. In many respects this report is a remarkable one and it may be taken as a fair indication of the country's prosperity. The report shows that the National Bank of Cuba has total assets of $26,773,792, an increase for the year of over $4,500,000, or twenty-one per cent. The deposits of $15,506,657 show an increase over last year of $1,189,928, or over eight per cent., but the increase in what may be classified as commercial deposits has been twenty-seven per cent. On December 31, 1909, there were 21,670 individual accounts showing an increase over last year of 4,487, or twenty-six per cent., and a net gain at the rate of fourteen accounts per business day. After paying the regular eight per cent. annual dividend the directors increased the reserve fund $900,000, leaving $64,153 of undivided profits after providing for bad and doubtful accounts. The collection department of the National Bank of Cuba covers the entire world. For 1909 the bank made 160,546 collections amounting to $62,549,000. Loan average $12,542,033 representing an increase in amount for the year of $1,679,400.

At Santiago and Cienfuegos new branch office buildings have been erected and buildings are in the course of construction at Matanzas and Pinar del Rio.

Edmund G. Vaughan is president of the National Bank of Cuba; Pedro Gomez Mena, Samuel M. Jarvis, and W. A. Merchant are vice-presidents; H. Olovarria is cashier; W. A. M. Vaughan, Ernesto Fonts y Sterling, A. A. Brown and E. Bellini are assistant cashiers; W. H. Morales is secretary, V. Vidal is assistant secretary and Henry M. Earle is secretary for New York.

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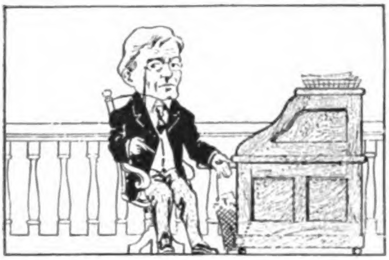

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By Arthur A. Ekirch.

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Vice-President—Understudy to the president.

Cashier—Usually a man with gray hair, beard, and eye-glasses; kind and loving.

Chief Clerk—Sometimes spoken of as the bank's foreman.

Auditor—A man who overlooks the books.

Solicitor—Wears a red tie, hands you an engraved card. Very obliging.

Paying Teller—The emigration officer of the bank's funds.

Receiving Teller—Opposite of paying teller.

General Bookkeeper—Sits on a high stool behind a large book, usually out of balance. A great user of electricity.

Ledger Man—Also sits on a high stool, posts in the morning, and spends the afternoon and evening trying to locate the postings. (Salary no object.)

Rack Man—Post graduate from the messenger force.

Messenger—Fresh air consumer. The first to arrive and the last to leave. (Receives a monthly allowance.)

Banking Terms Defined.

Assets—That which we think we have and oft-times find we have not.

Reserve—A conglomerated mass of bullion placed in the bank's vault to ripen. A standing army against loss.

Discounts—An allowance or rebate in which the bank's customer usually raises the price of his goods in order to meet the bank's obligation.

Dividends—A semi-annual celebration in which only invited guests take part.

Bank Merger—Housing two institutions under one roof. The spider usually eats the fly in this game.

Undivided Profits—Income the bank is unable to use.

Liquidation—The bank's assets suddenly attacked with apoplexy.

PUBLISHERS ANNOUNCEMENTS

ABOUT LARGE FORTUNES.

THE *New York Times* published the following book review recently on Dr. Anna Youngman's book, "Economic Causes of Great Fortunes":

There is nothing feminine about the discussion of the "Economic Causes of Great Fortunes," by Anna Youngman, Ph. D., (the Bankers Publishing Company.) She is Professor of Economics in Wellesley College for Women, but she writes as a man to men, rather than as a woman to women. She considers the Astor fortune as one illustrative of gains both by commerce and by the unearned increment of land ownership. She considers the Gould fortune as illustrative of a fortune gathered by stock manipulation. As examples of fortunes gained by group activities she considers the fortunes of the Standard Oil and Morgan cliques. She narrates the growth of these fortunes with much piquancy, which is redeemed from mere muckraking by the steadiness with which she adheres to her purpose of discussing the underlying causes which explain how the fortunes were gathered, and whether or not they were "earned" or acquired by personal ability. Her conclusion seems to be that effort or ability sufficed chiefly to determine the direction in which the growing wealth should be turned rather than the amount of reward either earned or received by the recipient.

Astor's personal share in gathering his wealth would have been the same if his fortune had been either larger or smaller. He availed himself of the growth of the city which enriched him, but he did not influence that growth, and therefore performed no social service corresponding to his reward. Gould grew rich while injuring society, and Rockefeller and Morgan profited by misfortunes which they did not cause. And in all cases the greater the fortune the greater the part played by the non-personal factor in its accumulation.

While this supports the theory that such fortunes are not earned by either intellectual or manual effort, it does not follow that all large fortunes are acquired dishonestly, as so many of the unthinking contend. Large and small fortunes are acquired in much the same manner, morally speaking. The quality of the acts differs less than the mental attitude of the critics of large fortunes, who have different standards for the men of small and large fortunes. It follows that if the rich are condemned the less rich are condemned also, since the success of the thief is no measure of this moral delinquincy.

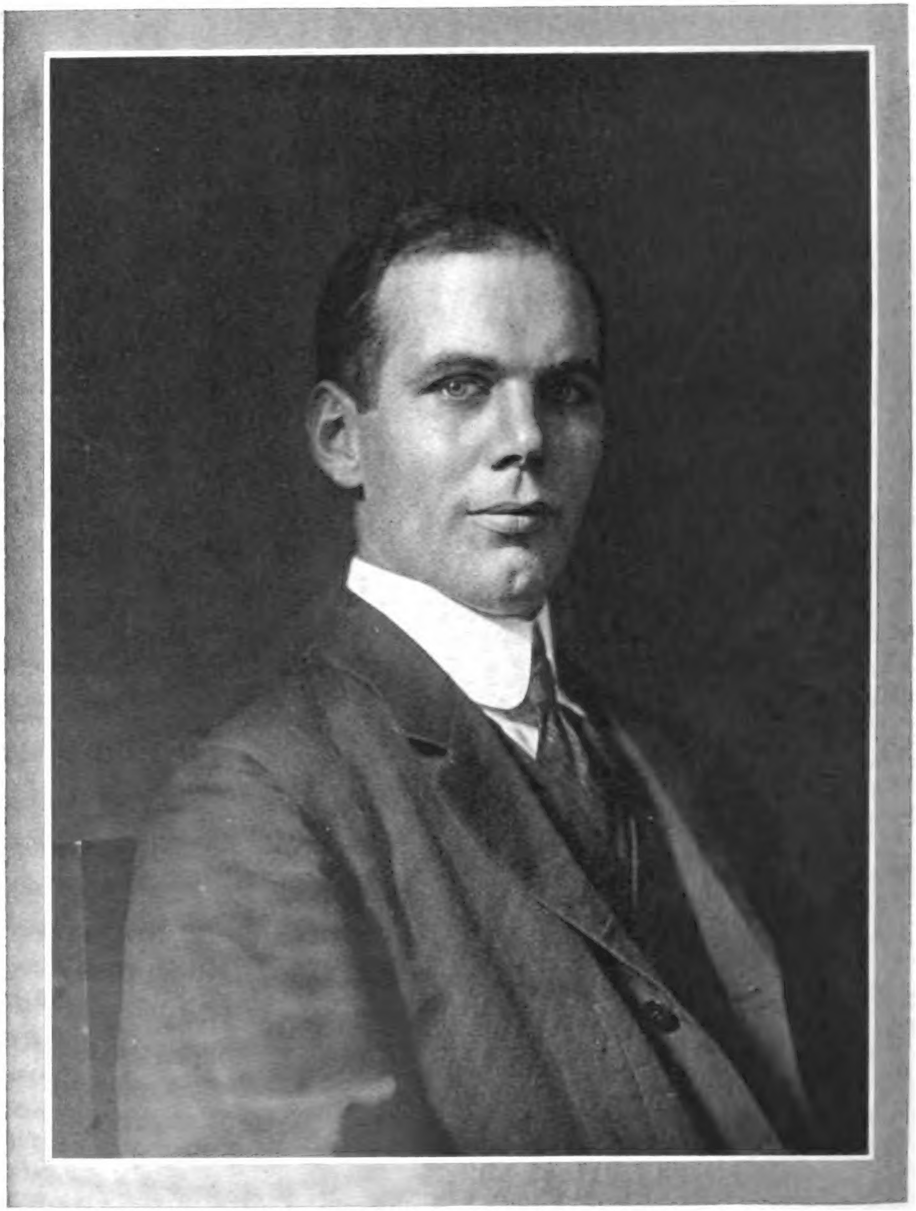
Dr. Youngman is less indulgent regarding the social service performed by the great fortune getters as the justification of their wealth. Wealth and social service are too dissimilar to be compared, even if there were any way to reach a non-contentious estimate of the value of social service in terms of money. The conclusion is that there is no way of establishing a determinate relation between fortunes and personal ability or effort, or between fortunes and social service. Dr. Youngman therefore challenges those economists who maintain that profits are the reward of enterprise, and are proportioned to contribution to industry. To her this seems no more than a dogmatic assertion, often contradicted by facts. Otherwise it would follow that ability to render invaluable service would give a right to engross the earth, which is absurd, and would not be allowed by society were the position ever so reasonable and supported by reason alone. Great fortunes therefore are not justified. They are held under the tolerance of society, and will be forfeited whenever society so wills. If fortunes become large enough and numerous enough to make it worth while, society will recast the institutions under which such accumulations are made and will decide for itself the necessity, scope, and character of the new measures. On them economists would have a hearing, but Dr. Youngman does not intimate what their counsel would be. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting.

MORE PLEASED READERS.

"Herewith please find our draft on the first National Bank of New York, to your order, for $5 in payment for our subscription to your very excellent magazine for the year ending December, 1910.

"We consider your publication the best we receive and an issue without something of interest to us would be something that has not yet happened."

R. T. HARRIS, Cashier,
Nevada First National Bank,
Tonopah, Nev.



PHILIP STOCKTON [redacted]
President Old Colony Trust Co., Boston.

See page 599.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR APRIL, 1910 VOLUME LXXX, NO. 4

STRENGTHENING THE RESERVE BANKS.

WHILE the Monetary Commission is endeavoring to "educate" the country in favor of the central bank project, it may be well for the bankers to consider what practical measures may be taken to provide for the next strain upon the credit institutions.

That this strain is brought about, to some extent, by the character of the bank reserves is apparent. The banks might voluntarily keep their reserves in gold and thus cure this evil. But while the reserve laws remain as they are, and while silver, greenbacks (and even bank notes in some cases) continue to be available for reserve purposes, no such voluntary action by the banks can be expected. If Congress means to enact any sound legislation in regard to banking and currency, no evidence of that fact has yet appeared. But there are some things the banks may do without waiting for help from Congress.

Undoubtedly the bankers of the country realize, from experience, that the reserve banks need strengthening. And the first step in this process may be taken without legislation. If the number of the banks in the central reserve cities were reduced, their capital and reserves increased, and some closer form of coöperation, through the clearing houses or otherwise, adopted, the banks of the country would be in a much better position to meet the next credit and currency strain than they were in 1907. New York, Chicago and St. Louis, the three central reserve cities, should lead in this movement, and all the reserve cities should follow it. Boston began many years ago to reduce the number of national banks in that city. The banks that remain are larger and stronger, and the situation, not only in Boston but throughout New England as well, has been improved in an important degree.

Without at all reflecting on the organization or management of the reserve city banks, it is evident that they are not adequately equipped for performing their functions. When the National Banking Act established these cities, fixed the minimum of capital and prescribed the regulations governing the banks located in them, the law may have fairly represented intelligent banking opinion as it then prevailed.

But the population, wealth and commerce of the country have tremendously increased since the law was enacted and the number of banks is now perhaps much greater than the framers of the banking act expected. Although the reserve law has developed many imperfections, and in fact in times of crisis the whole reserve system has almost broken down, Congress has taken no action whatever looking toward the bettering of the reserve system. If the minimum capital prescribed for reserve city banks in the National Banking Act was sufficient when the law was enacted, it may have become totally inadequate now, because the reserve city banks have immensely increased their deposit liabilities and added to the risks inseparable from the enlarged volume of business.

Congress ought to require the banks in the central reserve cities and the reserve cities to increase their capital and reserves. It should also require that these reserves—all bank reserves, in fact—be kept in gold, and ought to permit the reserve banks, under proper regulations, to issue a credit currency. But we see no indication that Congress means to do any of these things or anything else that will make the banking and currency systems sounder and stronger. We most earnestly hope, however, that this pessimistic outlook may change. Meanwhile the banks in the central reserve cities have it in their power to adopt a policy that will place them in a much better position to meet a panic than they have been heretofore. They can reduce the number of banks by consolidation, increase their capital and reserves, and can perfect their clearing-house organizations, perhaps to the extent of securing closer coöperation among the banks of the different cities.

Has any thought ever been given to the duties assumed by the reserve city banks? If they are really to act as conservators of the country's credit, have larger capital and reserve equipment than other banks, should they not be allowed some compensation for performing this important function? They ought, at least, to be permitted to issue their credit notes when necessary.

AMERICAN enterprise has had a considerable share in the modern development of our neighboring Republic of Mexico, particularly in the construction and operation of the railways. We publish in another part of this issue of The Bankers Magazine an article relating to one of the latest and most important of the Mexican-American railway enterprises—the Kansas City, Mexico and Orient, which will form a new and shorter transcontinental route, beginning at Kansas City, in the heart of the great agricultural section of the West, traversing the States of Kansas, Oklahoma and Texas, across Mexico, and terminating at Topolobampo, on the Pacific.

The new road owes its existence to the energy of Mr. A. E. Stilwell, who has had a good deal of experience in railway building. He has enlisted with him many well-known capitalists in the United States and in Europe, and has also secured the services of a number of men who have been prominently connected with the country's great railway systems.

The location of the road, the conditions under which it is built, the traffic arrangements already made, and the conservative financial policy, all warrant the belief that the new transcontinental line will be a success. It crosses a number of other roads, which will act as feeders, and does not parallel any line. It opens up a large extent of new and rich territory, besides shortening the transcontinental haul by some 500 miles.

Mexico is developing more rapidly, we believe, than many of our capitalists realize. By its proximity to the United States it is natural that Americans should have a great deal to do with this development. That our capital and enterprise are welcomed by President Diaz is evidenced by the very liberal concessions which the Kansas City, Mexico and Orient has received from the Mexican Government.

CAREFUL observers of the savings bank situation in the State of New York have been urging the wisdom of reducing the dividend rate on deposits, at least until such time as may be necessary to restore the surplus of the banks to something like its former proportions.

This policy meets the approval of Superintendent CHENEY of the State Banking Department, who says, in his recent annual report on savings banks and trust companies:

"The greatest growth ever made by the savings banks of this State in any one year was in 1905, when the total resources increased $93,775,724, and the total due depositors increased in almost equal amount. The year 1909 was not far short of this record as to the first item, the gain being $92,306,321, though the amount due depositors increased but $87,006,167—a smaller percentage of earnings having been distributed to depositors in the year 1905. Nevertheless, the proportion of earnings paid or credited in 1909 as interest was so great that the ratio of surplus to deposits decreased more than one-third of one per cent. From January to July the number of savings banks which paid four per cent. interest on all deposits increased by seven, several institutions having advanced their rates reluctantly under what their managements believed to be a necessity to meet competition. It is no secret that even among the institutions which are now paying four per cent. interest the conviction obtains that this rate can not wisely continue much longer. Many of these institutions would welcome a return to a three and a half per cent. basis if the precedent could be established.

"For twenty years or more there has been an almost unbroken decrease annually in the percentage of surplus on market value of investments to deposits, such percentage to-day being less than one-half of what it was in 1890. The safety of our savings banks is indeed undoubted, and there can be no successful challenge of the principle that every dollar of net earnings that can be so apportioned with prudence should be distributed to depositors, for whose sole benefit the savings banks have been established. But the qualifying words, 'with prudence,' deserve to be emphasized. Absolute safety of savings funds should always be the primal consideration. The surplus of a savings bank represents its margin of safety. Moreover, surplus adds to the earning power of the bank, and the statute itself guards that surplus with jealous care by permitting no part of it to be paid out in dividends until it reaches fifteen per cent. of the amount due depositors. It can not be overemphasized that the management of every savings bank whose deposits are increasing should carry proportionate sums to its surplus fund at every dividend period."

If it be true, as Mr. CHENEY says, and as we believe, that "the surplus of a savings bank represents its margin of safety," the savings banks of New York are relatively less safe than they were twenty years ago; in other words, their margin of safety is diminishing. Where will this diminution stop—after it has reached the danger point, or before? The question is one for the savings banks trustees of the State to answer.

RUMORS have been revived recently about the proposed Pan-American Bank, to be organized by prominent bankers of New York, and to have branches in the several Latin-American countries. The names identified with the enterprise are a guaranty of success once the institution is launched. But as the organizers of the bank intend to seek a Federal charter, they may encounter political opposition.

There may be solid grounds for refusing a Government charter for an American bank organized to do an international business, but we are not familiar with these objections. That a charter from the Federal Government would confer prestige on such an institution is clear enough.

Our national banks are debarred under the law from establishing branches abroad, though it seems that this privilege might advantageously be accorded those institutions, especially such of them as have a capital of not less than $5,000,000. Some of the New York trust companies maintain foreign branches, thus giving them an advantage over the national banks in this respect. The chartered banks of Canada also have foreign branches, and in Mexico and Cuba, they are getting business that might be had by our own national banks but for the provision in the National Banking Act prohibiting the national banks from having branches.

The organization of a Pan-American bank with a large capital, operating under a Federal charter, and controlled by the leading financial interests of this country, would mark a good beginning of the extension of our banking into other lands which will probably take place at no distant date. Of course, as generally known, American bankers already have a considerable share in the foreign banking business, but the proposed Pan-American bank represents, perhaps, more of an organized effort to increase this business than has heretofore been attempted.

Instead of being merely a Pan-American bank this institution might be organized on broader lines, such as would make it an International American Bank, with sufficient capital and the kind of organization and management that would make it truly representative of the best traditions of American banking. If it were allowed in addition to its foreign offices to establish branches at the chief commercial centres in the United States, to hold the reserves of other banks, and to issue its credit notes, the bank might become of great service to the business interests of the country and help greatly in strengthening the general banking situation.

Such an institution would be a plain, ordinary bank, not a "central bank" or a Government bank, and ought to encounter no more danger from hostile political attacks than do the existing banks.

A suggestion of this character may be considered impracticable, but it is probably less so than the suggestion for the establishment of a central bank on any of the lines yet advanced.

FEARS of a banking trust are expressed by Bank Commissioner BERGH of the Wisconsin Banking Department in his recent annual report. He says:

"A new feature in banking has manifested itself of late which, if permitted to go on unhindered, will eventually result in a monopoly control of the banking business. I refer to the so-called holding companies, which are increasing with alarming rapidity in various parts of the country. One of these companies with headquarters at Minneapolis, Minn., owns a controlling interest in more than fifty banks in Minnesota, Iowa, Wisconsin, and the Dakotas. In Wisconsin, eight or ten banks are now controlled by this one company; two other companies have recently been organized at Minneapolis, Minn., for the purpose of getting control of banks either by buying up a majority interest in banks now in existence or by organizing new banks. The same objection that has repeatedly been advanced against branch banking or chain banking applies with equal force to this new method of manipulating the banking business. The representatives of the holding company are usually elected to the offices of president and cashier of the bank, and while they generaly have some local

directors, the management is dominated by the holding company influence, and the loans are in the majority of cases made to parties residing outside of this State. Legislation should be had to discourage this evil in every proper manner."

In a letter to "The New York Times" Comissioner BERGH says that the Middle West is not alone threatened by these institutions. He writes: "In addition to those that I have alluded to in my report you will find one of these companies at Atlanta, Ga., that controls more than one hundred banks; one recently organized at Spokane, Wash., with a capital of $600,000, taking over twenty-one banks on the start, and there are no doubt a great many others in different parts of the country."

Whether Mr. BERGH's objections to these "community banks," or "chain banks," or whatever they are, be well founded or not, evidence of a tendency toward banking consolidation abounds.

We wonder as to just what may be the attitude of the Federal Government in the premises? Will bank combinations be ticketed as "good" trusts, or as "bad" trusts, or are they "trusts" at all? We do not pretend to know. It is up to Mr. WICKERSHAM or Mr. TAFT to give the answer to this query.

Granting that all combinations are "bad," we see no reason to except the banks; but if some combinations are "good" and others "bad," then Mr. TAFT must decide. If the decision of such matters be left to the authorities, business may be carried on under great uncertainties. Mr. TAFT, looking over the whole field may say, "this combination looks good to me," and "that one looks bad;" but along in 1980, Mr. BRYAN may be elected, and he may say of the combinations, "all these are accursed; off with their heads!"

Whether banking combinations can be carried to an extent likely to be harmful to the public or not is at least an open question. So far as we are able to judge from statistical reports, we should say that the danger lies the other way—there has been too rapid multiplication of small banks. We believe in our system of independently-owned banks, but even a good principle may be carried to extremes. A community of interest among banks may be a source of strength rather than of weakness—it all depends upon how the system is administered.

As for the country being in any danger from banking monopoly, we can see no evidence of it. The shareholdings of the banks are widely distributed and the number of absolutely independent institutions larger than in any country in the world.

The country would, in our opinion, be the gainer if a number of the banks in the principal reserve cities were to unite and would come under joint ownership. A reduction in the number of the reserve city banks, a strengthening of their capital and reserves, and a more intimate relation between the reserve banks of the principal centres—these seem to us to be the most obvious lessons developed by banking experience in the United States as we have observed it for a good many years.

PROPOSALS for Federal incorporation of business concerns, for a Federal income tax and for a Federal system of savings banks, lend especial significance to the following warning recently uttered by Hon. ELIHU ROOT, a Senator in Congress from the State of New York:

"The interdependence of life, wiping out State lines, the passing to and fro of men and merchandise, the intermingling of the people of all sections of our country without regard to State lines, are creating a situation in which

from every quarter of the horizon come cries for Federal control of business which is no longer confined within the limits of separate States. Are we to reform our constitutional system so as to put in Federal hands the control of all the business that passes over State lines? If we do, where is our local self-government? If we do, how is the central Government at Washington going to be able to discharge the duties that will be imposed upon it?

"Already the administration, already the judicial power, already the legislative branches of our Government, are driven to the limit of their power to deal intelligently with the subjects that are before them.

"This country is too great, its population too numerous, its interests too vast and complicated already, to say nothing of the enormous increases that we can see before us in the future, to be governed, as to the great range of our daily affairs, from one central power in Washington.

"After all, the ultimate object of all government is the home, the home where our people live and rear their children, with its individual independence, its freedom; and I am not willing, for the sake of facilitating transaction of any kind of business, to overturn limitations that have been set by the Constitution—wisely set—between the powers of the national and State governments.

"Great is our nation. Let it exercise its constitutional powers to the fullest limit, but do not let us in our anxiety for efficiency cast away, break down, reject, those limits which save to us the control of our homes, of our own domestic affairs and of our own local governments. For there in the last analysis, under the protecting power of our great nation, there must be formed the character of free, independent, liberty-loving citizens upon whom our republic must depend for its perpetuity."

What is there to prevent the people of any State from establishing a system of savings banks adapted to local needs? The legislatures have full powers to authorize the organization of such banks where they do not already exist. And the people of the respective States can organize and control their savings banks much better than may be done by the Federal Government.

The people of the States should jealously guard their rights, delegating to the Federal Government only such powers as can be efficiently exercised in no other way.

AN able presentation of "The Defects of the Sherman Anti-Trust Law" appeared in the December, 1909, number of the "Yale Law Journal," and has lately been published in pamphlet form. The author is GILBERT H. MONTAGUE, of the bar of New York city. Mr. MONTAGUE sets out with this striking assertion:

"For nearly twenty years, it has been a crime against the United States to make a contract which shall in any degree restrain trade among the several States. For nearly thirteen years, the interpretation of this law by the courts has tended to show that two-thirds of the business of the country is carried on in defiance of law, and that a strict enforcement of the law would prohibit the normal growth of almost every commercial enterprise."

If this statement be correct, it implies that however legitimate may be the business in which one is engaged, the manner of carrying it on may render the business man liable for criminal violation of the law. That two-thirds of the commercial operations of the country are constructively criminal, is rather a startling statement. And, worse yet, the only immunity business men have from being prosecuted as actual criminals consists in the attitude of

the Administration! You may be carrying on your manufacturing operations to-day, content in having received a clean bill of health and being ticketed among the sheep as a good trust; but to-morrow, or next week, the deciding authority may put a "bad" ticket on you and classify you with the goats.

We wish space would permit us to follow Mr. MONTAGUE in his history of the Sherman Anti-Trust Law and the various judicial interpretations it has received; but we can only give his conclusions:

"The defect of the Anti-Sherman Trust Act has been that it has sought to stimulate competition by punishing the normal forms of large business which naturally develop out of competition. In the fatuous belief that the success of the winner was a discouragement to sport, it has sought to encourage the field by penalizing the winner. The Sherman Anti-Trust Act should prohibit only those combinations which, by unlawful means, repress concerns desirous of entering the market. The act should not punish combinations which, by adaptations of normal competitive methods, have fairly and justly excelled their rivals in competition. The prohibition should apply, not to the *form* which the combination may assume, nor yet to the *power* which its efficiency may develop; but should only forbid the use of unlawful means to attain such form or to increase such power.

"The monopolist seeks to suppress competition, and thereby to control prices. The legitimate competitor seeks to extend his trade, and thereby to enforce his prices throughout the trade. Each seeks ultimately to affect prices. The monopolist, however, seeks to accomplish his purpose through preventing by unlawful means other concerns from entering the trade in competition with him; while the legitimate competitor seeks to accomplish his purpose by excelling his rivals in competition. Coercion, force and fraud are the means by which the monopolist endeavors to accomplish his purpose. 'Destroying or restricting free competition,' 'smothering competition,' 'extinguishing competition,' 'stifling competition,' 'eliminating competition,' 'preventing competition,' 'annihilating competition' and 'suppression of competition' are a few of the phrases which the courts have used to describe the operation of these unlawful monopolistic methods. None of these are methods evolved out of normal competition. Each of them is as truly anarchistic in the realm of business as 'fouling' is in the field of sport. Each of them, unless specifically forbidden and punished, must tend to destroy the fundamental conditions of healthy rivalry. Each of them is sometimes resorted to by the obscure and unsuccessful competitor, as well as by his conspicuous and successful rival. In sport, the harm from the foul play, by which an obscure contestant may seek to overcome his fellows and push himself into prominence, is just as despicable as the foul play by which a prominent contestant may seek to maintain his position. The rules very properly forbid foul play, without regard to the position or attainments of the contestants. In business the same doctrine should obtain. The prohibition should apply specifically to the unlawful practice. Whether the contract, combination or trust exerts any dominance or 'restraint,' great or little, upon commerce should be entirely immaterial.

"'Coercion,' 'force' and 'fraud' are well established terms in law. They are capable of definition and application by courts and juries to varying states of fact. They are sufficiently definite to serve in penal statutes. Together, they include practically every violation of legitimate competition. 'Destroying or restricting free competition' and the other phrases above quoted are of more recent usage. In common speech and

as used by the courts, they include practically every phase of coercion, force and fraud as applied to competition. In a statute defining a violation of law and providing only the remedy of injunction —the most effective remedy against unlawful combinations, as already has been shown—these phrases would, it is believed, be sufficiently definite and inclusive to define every real offense against competition. Indeed, it may well be contended that these phrases are sufficiently definite to serve in a statute providing for a criminal penalty.

"Much of the anti-trust legislation of the various States and many of the remedies recently proposed are a misapplication to private businesses of regulations which are properly applicable only to public service businesses. This was the defect of the Hepburn Bill, proposed in 1908, and is the defect of the numerous State anti-trust laws that forbid the sale of goods at prices above or below the ordinary cost of production. The duty to serve everybody, without discrimination, at a reasonable price that may be regulated and determined by the State, is properly enforceable against railroads, lighting and watering companies, and other corporations which perform a public service, and in most cases enjoy exclusive powers from the State. This duty arises from the fact that the business of such companies is naturally and unavoidably a monopoly, in which competition does not exist, and, in fact, should be discouraged. This duty and these purposes are best fulfilled by State regulation. In the great majority of businesses, however, no public service is performed or professed, and no exclusive powers are obtained from the State. In these businesses, competition naturally exists, and should be encouraged in order to maintain a healthy condition. Remedial legislation regarding such businesses should seek to assure freedom of competition. Interference with prices and with the organization of such businesses misses the real evil, and only creates artificial barriers behind which lurk dangerous forms of privilege.

"If the Sherman Anti-Trust Act were amended, so as merely to forbid contracts and combinations which are made for the purpose of stifling competition, and to prevent the practices defined in one or more of the simple phrases above quoted, it would well nigh make illegal every improper method of competition, and make lawful every healthy agency of free competition."

MAGIC inheres in a Government guaranty according to the President. But why should the Government go into the business of providing surety for savings depositors? It would have been prudent for the Government to have required national banks conducting savings deposits to segregate them and invest such deposits in sound securities. That would have been in line with what experience has shown to be the true means of protecting savings deposits. If an absolute guaranty be insisted on, why should it not be provided by the banks out of their profits?

ONE advocate of a postal savings bank naively remarks that he wants to put his money where he can get it in time of panic! This idea, of course, loses sight of the fact that in a panic banks are not unable to pay because of actual insolvency. They can not pay because of the abnormal demands for currency, and because of abnormal scarcity. In a situation of this kind the Government would be in about the same predicament as the banks. To pay its depositors, it would have to get the money from the banks.

THE UNITED STATES TREASURY—IV.

By William Henry Smith.

FOR the first third of a century of our national life there were no serious embezzlements of public funds, or defalcations of public officials. Here and there a postmaster would fail to account for all the moneys he received, or some receiver at one or other of the various land offices would turn up with a small deficit in his accounts, but such cases were really rare, and the total amount thus lost was not great. Prior to 1834, when the deposits were removed, a branch bank or two had failed, causing the treasury some loss, but nothing of a serious nature. Honesty and efficiency seemed to be the general rule among all those connected with handling the money of the government, and now, when we regard the vast sums handled, and the number of persons engaged in collecting and disbursing the government's money, the percentage of loss by dishonesty or mismanagement is smaller than in any branch of private business.

Among the early politicians of New York, Samuel Swartwout was counted as a leader. In 1824, when the contest was hottest between Adams and Jackson, he was in the forefront of the fight for the hero of the Hermitage, as he was four years later. Mr. Jackson had hardly got settled in the White House before he appointed Swartwout to the responsible position of collector of customs at New York. At the end of his term of four years he was reappointed. This time there was some hesitancy on the part of the Senate as to confirming his appointment, owing to some rumors that he was largely behind in his settlements with the government, but on an urgent endorsement by the Secretary of the Treasury he was again confirmed. When Mr. Van Buren came into office he had his own friends to reward, and a new collector was appointed.

A Million Dollar Defalcation.

Then the whole country was startled by the open charge that Swartwout, the special pet of Jackson, was a defaulter to more than a million dollars. In those days a million dollars was, in the minds of most people, so vast a sum that it could hardly be conceived that any man could defraud the government of such a sum. Then the people thought in dollars and cents, now we think in millions. The entire expenditures of the government in 1830, the year after Swartwout went into office, was only a little more than $15,000,000, and here he was charged with embezzling one-fifteenth as much as the entire expenses. It is not to be wondered at, then, that the whole country was startled when the information was made public, and stood aghast at the vastness of the sum.

In a special report, made by the Secretary of the Treasury to Congress, that official claimed that the peculations of the collector began almost immediately after taking his office, but a committee of the House was not satisfied with that report, but admitted it could not be ascertained just when the deficit began. The committee reported that the shortage reached $1,225,705. The report of the committee was an exhaustive affair, and declared that the deficit as given above was just what the collector himself had shown by his quarterly and annual reports; that nothing had been charged to him by the committee which he had not charged to himself on his reports, and they expressed great surprise that the department had permitted him to go on, month after month, with a constantly increasing deficit without forcing a settlement. According to the books of the Treasury Department he was short in his accounts at every report, and that the shortage increased, slowly at first, but later by many thousands of dollars.

Fixing the Blame.

The committee assigned six causes for the delinquency of the collector. The first was the appointing to a responsible office of a man without financial stand-

ing and responsibility; second, culpable neglect of his official duty by the late naval officer of the port; third, the same culpable neglect by the first auditor; fourth, the same as to the comptroller; fifth, the discontinuance of making government deposits in the banks, thus leaving large sums in the hands of the collector, and sixth, the extreme negligence and failure of the Secretary of the Treasury to discharge his sworn duties.

In regard to the first alleged cause of the defalcation, it was established that before his appointment Swartwout was wholly irresponsible in a pecuniary sense, was without a reputation and notoriously prone to reckless speculation, and was deeply embarrassed. In commenting upon this phase, the committee said: "There is obvious jeopardy of the public interests when appointments are conferred by the executive on individuals who are notoriously wanting in reputation for responsibility in financial matters," and referred to the first message of President Jackson, and strongly insinuated that he did not carry out the rules he laid down. The Treasury Department came in for a full share of criticism by the committee. In speaking of the first spasmodic efforts by the department to recover at least a part of the deficit, the committee said: "Then the department fell into a dead slumber relative to Mr. Swartwout's account."

The Treasury's Unavailable Funds.

From some cause there was a lukewarmness on the part of the department in pushing this matter, and, of course, the opposition party charged it to a desire to shield the reputation of the Jackson administration. There is still some mystery about this. Annually, in his report, the Treasurer of the United States gives a tabular statement of the "unavailable funds of the General Treasury." In this table is given the amounts distributed to the various States under the surplus distribution of the Jackson administration, amounting to more than $28,000,000; the defalcation of the assistant treasurer at New Orleans, in 1867, amounting to $675,000; the deficits in the San Francisco mint from 1857 to 1869, amounting to something more than $400,000; and a number of smaller defalcations and deficits, running down to one of only fifty-four dollars, but does not include the Swartwout defalcation, nor the large sums lost to the government by the insolvency of deposit banks under Jackson and Van Buren.

New Orleans Sub-Treasury Scandal.

Next to the Swartwout defalcation, the largest the Treasury has suffered was that of W. R. Whittaker, assistant treasurer at New Orleans. In this case there was a marked contrast in the action of the Treasury Department and what took place under Mr. Van Buren. Immediately on the suspicion being aroused that all was not right at the New Orleans sub-treasury, John Jay Knox, connected with the Treasury Department at Washington, was sent to the Gulf city, with power to act. When he arrived, the assistant treasurer was out of the city, but Mr. Knox demanded all the information the cashier could give him, and found that the deficit was more than $1,000,000. On demand being made for certain papers, the cashier informed Mr. Knox that they were in the private box of Mr. Whittaker. Mr. Knox demanded the box, sent for a locksmith, and after some delay and much demur on the part of the cashier, broke open the box and there found cash and securities to a large amount.

By prompt action of Mr. Knox on seizing upon these papers and forcing T. P. May, one of Whittaker's bondsmen, to turn over certain properties, the deficit was reduced to $675,000. These are the two largest defalcations in the history of the Treasury Department, but in the mint at San Francisco there was a series of peculations from 1857 to 1869, when an end was finally put to them, which lost to the treasury $413,557, and in 1907 there was a mysterious robbery at the sub-treasury at Chicago, whereby $173,000 was taken.

All these sums are still carried on the treasury books as unavailable funds.

Whiskey Frauds of 1872.

The "Whiskey Frauds" of 1872 will long be remembered. These were committed by a combination of distillers and government officials whereby thousands of dollars were kept out of the treasury. On the exposure, the country was thrown into a state of excitement bordering on that which followed the discovery of the Swartwout defalcation, not so much for the large sums out of which the government had been defrauded as because of the high standing of some of the guilty parties, the scandal even reaching the White House and involving one of the secretaries of the President. He was tried and acquitted, but the smoke came so near him that he was compelled to resign his position in the President's official family. The exposure of these frauds brought forth the oft-quoted saying of President Grant, "Let no guilty man escape." It also came very near giving a Secretary of the Treasury the nomination of his party for the Presidency. Benjamin Bristow, the secretary, pushed the investigation and prosecutions to the very utmost.

Bondsmen for Government Officials Never Released.

This desultory talk of defalcations and frauds calls up the question of official bonds. A bond given to the government never dies, the statute of limitations does not run against it. When a man affixes his name as bondsman for any government official, he may assure himself it will hang over him and his heirs, even beyond the third and fourth generation. All things else but a bond given to the government die, and the stories that can be told of the queer doings of the Treasury Department on bonds would be interesting reading. One or two may not be out of place here, in this rapidly sketched history of the department.

When John Quincy Adams was President he appointed a man receiver of public moneys at a western land office. He served through the administrations of Jackson, Van Buren, Harrison and Tyler, until the office was abolished under Polk, making his regular settlements, and when the office was closed, turned over all papers and moneys, finally closing his accounts. During all the years of his service there had never been a question of his accounts. The years went by, the old officer died, as did all his children, and all his bondsmen but one, when, during the administration of Mr. Hayes, a clerk in the department discovered what he thought was an error in one of the settlements whereby the officer had been allowed some $300 he was not entitled to, and a demand was made on the grandchildren and the sole living bondsman of the officer for this amount and interest, and they were compelled to refund, more than a quarter of a century after the officer had died. Not being alive, he could enter no defence, or give any explanation which might have exempted him from repayment.

The other case had its own peculiarities. In the days when the railway mail service had not reached the perfection to which it has attained, certain offices throughout the country were named as distributing offices, and all mails for their section were first sent to those offices for distribution. A postmaster was serving the second year of his term at one of those distributing offices. An epidemic disease was raging, and a number of the "route agents," as they were then called, on the railroads were incapacitated. On a report of the circumstances to the Postmaster General, that officer authorized the postmaster to employ substitutes, and later instructed him to pay such substitutes, which he did, the amount being about $400. He made his regular quarterly and annual settlements, and at the end of his first term was reappointed, serving in all twelve years, and finally went out of office, no question ever having arisen as to the payment of the substitutes. Some twenty years after his retirement from office he was called upon to refund to the Treasury the $400, the department holding that the Postmaster General

had no authority to make such payment, and he had to pay up to prevent a suit against his bondsmen.

Bureau of Printing and Engraving.

The government actively began the issue of paper money in 1862. How many millions have been issued since that time it would be hard to compute. It is the policy of the department to replace all old bills received by it with new ones, and as it keeps a force of nearly 4,000 employed all the time in the bureau of printing and engraving, it may be readily surmised that new bills are issued by the ton.

At first the engraving and printing of the United States notes were done by the American Bank Note Company, but in 1862 Congress added an engraving and printing plant to the Treasury Department, and now that one bureau employs about one-half of the entire Treasury force in Washington. It is a great industrial plant, and in the main has been admirably conducted since its first organization. The banking business has not been altogether a losing game for the government, although it has been very expensive, in one sense of the word.

It is hard to conceive what becomes of all the paper money that is issued by the banks and by the government. Even bonds disappear and are never returned for redemption. Of bonds issued by the government on which interest stopped years ago, there is still outstanding more than $450,000 face value, and on some of these large amounts of interest accrued before they were called in. In 1850, $5,000,000 of what was known as Texas indemnity stock was issued, and of this amount $20,000 is still outstanding. Of the old currency, not counting the legal tenders, nor silver and gold certificates, there is still outstanding nearly $16,000,000. Of this, more than $15,000,000 is of fractional currency issued during the war.

Among the various kinds of notes issued during the war was $266,000,000 of what was known as compound interest bearing notes, $160,000 of which have never been presented for redemption. It is highly probable that most of these unredeemed bonds and notes have been lost or destroyed and will never be presented for redemption, although every now and then a little batch of it is presented at the cashier's office in the Treasury Department. The government has, of legal tenders, gold and silver certificates and other forms of notes now outstanding, nearly $1,300,000,000. Of this vast amount there is no possible way of even guessing at the amount now actually in existence, and it is probable that not more than one-half will ever be actually redeemed by the government. If a note is only partially destroyed, enough being left to identify it, it is redeemed, but thousands of dollars are destroyed every year by one casualty or another, so that the money is entirely lost. Of course in all that the government is a gainer.

Wiping Out Indebtedness.

Since the organization of the government up to the end of the fiscal year of 1908-9 the register's office has redeemed and destroyed or filed bonds, interest checks, coupons, and other evidences of indebtedness to an amount in excess of twenty-one billions of dollars. This does not include payments made by appropriations for current expenses.

It was formerly the custom to destroy all bonds, vouchers, etc., after redemption, but now they are placed on file. Treasury notes are destroyed, but bonds, interest coupons or checks are filed away, and within a few years it will require about as much space for them as is now covered by the immense treasury building. Unless there is a change in the present currency laws, should there come again a money stringency, the department is ready with its millions of "emergency currency" to relieve the banks and money centers from all danger of panic. While on this branch of the subject it might be mentioned that the present Secretary has declared himself in favor of reducing the size of paper bills, thus effecting a saving in the cost of paper. The suggestion has not met with favor and probably will not be attempted.

(To be continued.)

FIVE BOOKS IN ONE.

By Edgar G. Alcorn.

WITH most country banks there are four accounts on the general ledger that are very inactive. They are the demand certificates of deposit, cashiers' checks, certified checks, and dividend checks.

These accounts are almost universally carried in the register book form. Some banks, however, still adhere to the old stub form, posting the checks issued from day to day, in detail, to the general ledger from the stubs.

In large banks they have separate registers for each account, namely: the demand certificate of deposit register, cashiers' check register, certified check register, and dividend check register. These accounts are so inactive in small country banks, however, that the registers would last for years, and perhaps be almost worn out with age, before they were entirely filled.

held, J. S. Bache & Company are members

In this day of keen competition, most country banks, whether savings or commercial banks, issue time certificates of deposit upon which they pay interest. The aggregate number of these certifi-

TIME

DR. CERTIFICATE OF DEPOSIT REGISTER CR.

DATE	NO	AMOUNT	INT.	DATE	TO WHOM ISSUED	NO	AMOUNT	TOTAL	WHEN PAID
						00			
						1			
						2			
						3			
						4			
						5			
						6			
						7			
						8			

Form 1.

DEMAND

DR CERTIFICATE OF DEPOSIT REGISTER CR.

DATE	NO	AMOUNT	~~INT.~~ Total	DATE	TO WHOM ISSUED	NO	AMOUNT	TOTAL	WHEN PAID
						00			
						1			
						2			
						3			
						4			
						5			
						6			
						7			
						8			

Form 2.

Dr. ~~Certificate of Deposit~~ Certified Check Register Cr.

DATE	NO	AMOUNT	~~INT~~ Total	DATE	NO OR DATE OF CHECK	~~TO WHOM ISSUED~~ Drawer	NO	AMOUNT	TOTAL	WHEN PAID
							00			
							1			
							2			
							3			
							4			
							5			
							6			
							7			
							8			
							9			

Form 3.

Dr. ~~Certificate of Deposit~~ Cashiers Check Register Cr.

DATE	NO	AMOUNT	~~INT~~ Total	DATE	TO WHOM ISSUED	NO	AMOUNT	TOTAL	WHEN PAID
						00			
						1			
						2			
						3			
						4			
						5			
						6			
						7			

Form 4.

Dr. ~~Certificate of Deposit~~ Dividend Check Register Cr.

Dividend No Rate % Declared .... Payable .....

DATE	NO	AMOUNT	~~INT~~ Total	DATE	TO WHOM ISSUED	NO OF SHARES	NO	AMOUNT	TOTAL	WHEN PAID
							00			
							1			
							2			
							3			
							4			
							5			
							6			
							7			
							8			
							9			

Form 5.

cates outstanding will run into the hundreds, even in small banks. Consequently there will be a number of certificates issued and paid, or presented for renewal, every business day, making the account quite active. In such banks a time certificate of deposit register is, of course, essential.

As the general form of the ruling of the time certificate of deposit register, the demand certificate of deposit register, the certified check register, the

cashiers' check register, and the dividend check register is very similar, the time certificate of deposit register may be used as a register for all five accounts.

For instance, suppose your time certificate register has one hundred pages and corresponds to the ruling of Form 1. Of course, the book may be larger, according to the activity of the account. Most stationery firms carry different sizes of certain forms in stock. Divide the register into five sections, using adjustable index tags, to separate each section. You will find it comparatively easy to estimate the number of pages to be assigned to each account. Set off fifty pages for the time certificates, ten for the demand certificates, ten for the certified checks, and twenty for divi-

Bank's Balance				Depositor's Bal.			
				Checks out in No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				No.			
				Interest			
Total				Total			

Depositor's Proof.—To be printed on the flap of the monthly statement envelope.

dend checks. Apportioned thus the one register will last a small bank five years.

You may ask how these divisions may be conveniently made, since registers are usually numbered, the numbers following in numerical order all the way through the book. But most registers are self-numbering. They are more convenient for all purposes. Every other page starts with 00, and the numbering continues over two pages to 99. The numbering in consecutive order is continued by prefixing the proper number or numbers to the numbers at the top of each page.

The ruling of the register for the demand certificates need not be altered at all. All that is necessary is to run a line through the word "Int." and substitute the word "Total." Form 2 will explain.

The third section set off for certified checks will have to be changed a little. A full and complete record of checks certified should show the date the check was certified, the drawer, the payee, the date of the check, the number of the check, the bank's number, the amount of the check, and when paid.

The "payee" column can be very easily dispensed with, as in the case of a lost or stolen check, the payor of the check would in all probability be able to supply that information. The payor's number on the check may also be omitted for the same reason. Altered to accommodate the other necessary entries, the register would appear like Form 3.

For the cashiers' checks the ruling of the register need not be changed at all. All the data necessary is the date of issue, to whom payable, the number, the amount, and the date paid. Some registers have a column also in which to make a memorandum of what the check was issued for. But this is unnecessary, especially when this is usually stated on the check itself. To enter it on the register would only be an unnecessary repetition of details. The ruling of this section would conform to Form 4.

Form 5 shows the register when altered to permit of a proper record of dividend checks. The ruling is the same except for the addition of a small column for the entry of the number of shares opposite each shareholder's name. At the top of the page spaces are indicated in which to enter the number of the dividend, the rate declared, when declared, and when payable.

This scheme for combining these five registers in one book is not only economical for small banks, but it is very convenient. By using a separate register for each class of checks, there are five books to be handled and to be carried back and forth to the vaults, while in the other case one register answers the purpose for all five accounts quite satisfactorily.

A DEPOSITOR'S PROOF.

THE accompanying cut shows a form of depositor's proof to be printed on the flap of the envelope containing cancelled checks and the monthly statement, now so generally used by banks. To inexperienced depositors it is often difficult to make the bank balance tally with that shown in their check book and this form makes the process clearer and also furnishes a convenient record for filing. This form was originated by A. J. Skinner, assistant cashier of the Third National Bank of Springfield, Mass., a strong bank which has adopted the policy of cultivating and assisting the small depositor.

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

TRUST COMPANIES

Conducted by Clay Herrick

STATE REGULATION OF INVESTMENTS.

IN the wide sense of the term, the converting of money into any other form of property with a view to getting an income therefrom constitutes an investment of that money. Practically, however, in the technical language of finance, such application of funds is usually divided into the two classes of "loans and investments," the former term applying to the lending of money direct to the borrower, while the latter refers to the purchase of bonds, stocks or other forms of personal or real property. It is true that the sale of a bond is in effect the placing of a loan, but the form of the transaction and its attendant circumstances are quite different, and constitute a reasonable basis for the classification into loans and investments. The term "investments" is here used in this narrower sense. Modern conditions are giving increased and increasing importance to investments as contrasted with loans. The chief reason for this doubtless lies in the growing preponderance of the corporation as compared with the individual in our industrial system, and the consequent growth in the amount of corporate securities placed upon the market, together with the relatively smaller demand for direct loans.

A comparison of the statements of trust companies or of banks of today with those of a decade or two ago readily shows how much larger a percentage of assets is being carried in investments in bonds and stocks. It is evident that the trust company official of this generation meets problems in the investment of the funds entrusted to him that differ considerably from the problems of his predecessors.

The legislation of the different states gives considerable attention to the regulation of trust company loans, but relatively much less to the regulation of investments other than loans. Thus, a majority of the states restrict trust companies in such matters as the making of loans on the companies' own stock, the amount that may be loaned to single interests, the amount and character of loans to officers and directors, etc. Restrictions upon investments other than loans are much less common, although recent legislation exhibits a tendency to devote more attention to the matter. This tendency is in line with good judgment, for the need of regulation of investments is quite as great as that of the regulation of loans.

It may easily happen that a given company's loans are gilt-edged, while its investments are of poor quality; and in such a condition the soundness of the loans will not avail to avert disaster. It may also be noted that the average board of directors or executive committee is apt to be better posted as to the safety of local loans than regarding the safety of investments in the securities of distantly-located corporations. Indeed the scientific study of the question of investments is in this country still in its infancy, even among financial corporations. Legislation alone will not insure the safety of either the loans or the investments of our financial corporations; but whatever value it has is as great in the one case as in the other.

Among those states which have passed any considerable amount of legislation regarding the investments of trust companies, there is a fair degree of unanimity as to what constitute the safest investments. Where detailed lists of permitted investments are given, United States and state bonds are always included; and usually, county, city and village bonds.* In the case of the last-named, however, state patriotism has sometimes legislated in

* The provisions here recited apply sometimes to investments of capital and surplus, sometimes to deposits, sometimes to trust funds.

favor of local securities. Thus Montana permits investments in the bonds of any state or territory of the Union, but authorizes investments in the county, city, town or school district bonds of Montana only.

Similar provisions are contained in the statutes of several other states. With a few exceptions, all the states authorize investments in the bonds of any of the other states.

In Massachusetts, the investment of funds held as court depositary is authorized to be made in the "authorized loans of the United States, or any of the New England states, the counties, cities or towns thereof, or of the states of Illinois, Iowa, Michigan, Minnesota, Wisconsin, or the counties or cities thereof," together with certain bank stocks, railroad bonds, etc.

For the investment of surplus and deposits, Vermont selects the securities of the New England states, New York, Pennsylvania, Ohio, Michigan, Indiana, Illinois, and Iowa, without restrictions. It permits investment in the municipal bonds of counties, cities and towns of five thousand or more inhabitants in the states of New Jersey, Wisconsin, Minnesota and Missouri, the counties, cities and towns of ten thousand or more inhabitants in the states of Kansas, Nebraska, North Dakota, South Dakota, Oregon and Washington, provided such bonds have not been issued in aid of railroads, and provided that no such investments shall be made except in cities of fifty thousand or more inhabitants, where the municipal indebtedness of such county, city or town exceeds five per centum of its assessed valuation. It further permits the purchase of the school bonds and independent school district bonds of school districts of two thousand or more inhabitants in the states of Kansas, Nebraska, North Dakota, South Dakota, Oregon and Washington, where the amount of such bonds does not exceed five per centum of the assessed valuation; and of the public funds of any of the states above named, —together with certain other securities. Regarding municipal and state securities, Louisiana makes the proviso that investments in them must be in bonds which are quoted at par or above and which have regularly paid interest for at least two years prior to the date of investment.

Next to municipal and state bonds, the favorite seems to be first mortgages on unencumbered real estate. It is usually provided that the real estate shall be situated in the state wherein the company is located, and that the amount of the mortgage shall not exceed fifty per centum of the value of the real estate. In New York the limit is sixty per centum of the value of the real estate. In Ohio the limit is forty per centum of the value of unimproved, and sixty per centum of the value of improved real estate. A few states have restrictions relating to the percentage of the company's assets which may be invested in real estate mortgages. Louisiana provides that such mortgages may not be for a longer period than ten years.

Other Investments.

In a considerable number of the states no forms of investments other than those in state and municipal bonds and real estate mortgages are specified, although other investments are not in all cases prohibited; the object in naming certain securities being to make their legality certain without necessarily implying that others are illegal. Investment in certain railroad mortgages appears to be legal in many states, though only a few specifically mention them. In several states reference is made to the investments permitted to savings banks as being legal for trust companies.

Occasionally, the matter seems to be left wholly to the board of directors, as in Kentucky, where the capital and all funds not held in a fiduciary capacity "may be invested in such manner as the directors deem prudent and safe." But in this state, as in several others, the trust funds are to be invested "under the order of court, or in such manner as may be provided by law for the investment of other trust funds." In New York, the company is liable for

any losses in investment of trust funds unless the investments are "such as the courts recognize as proper when made by an individual acting as trustee, executor, administrator, guardian, receiver, committee or depositary, or such as are permitted in and by the instrument or words creating or defining the trust."

Prohibited Investments.

Among the investments prohibited, the most common is that of the ownership by a company of its own stock,—a provision analogous to the forbidding a company to make loans upon the security of its own stock. Investments in real estate are in many cases limited to such as is needed for the business of the company; recent legislation showing a tendency to narrow rather than enlarge the powers of trust companies in this particular.

Tennessee prohibits investments "in the stock or bonds of any private incorporated company." Kansas provides that the investment of any trust company in bank stock shall at no time exceed one-fourth of its paid-up capital. New Hampshire trust comoanies may not hold the stock and bonds of any corporation to an amount in excess of ten per centum of their deposits or capital.

New York has a statute stipulating that no trust company shaall "hold or own stock of another monied corporation the par value of which is in excess of ten per centum of the total amount of the stock of such other monied corporation issued and outstanding."

In Vermont, a trust company (or a savings bank) is forbidden to hold, by way of investment or as security for loans, more than ten per centum of the capital stock of any bank, or to invest more than ten per centum of its deposits or more than $35,000, in the capital stock of any one bank; and the aggregate investment in bank stocks must not exceed one-fourth of the investing company's deposits.

Texas forbids its banks (including trust companies) to employ its funds in the purchase or sale of merchandise, or in the operation of industrial plants.

The Rhode Island Law.

In January, 1908, the General Assembly of Rhode Island passed a general act relating to banks, savings banks and trust companies, section 57 of which gives an itemized list of investments which is interesting and valuable, as showing what investments are considered desirable by that state. The list comprises all the investments that are permitted for the deposits of savings banks or for the savings or "participation" departments of banks or trust companies. The list, as officially tabulated, is as follows:

1st Class—United States bonds.

Bonds of States or Territories of United States which have not defaulted within ten years.

Net debt limited to 5 per cent.:

Bonds of cities of New England or New York.

Bonds of counties of New England or New York.

Bonds of towns of New England or New York.

Notes of cities of New England or New York.

Notes of counties of New England or New York.

Notes of towns of New England or New York.

Population exceeding 5,000. Debt limit, 3 per cent.:

Bonds of incorporated districts in New England or New York.

Notes of incorporated districts in New England or New York.

Population exceeding 2,500. Debt limit, 5 per cent.:

Bonds of incorporated districts in Rhode Island.

Notes of incorporated districts in Rhode Island.

Net debt limited to 5 per cent.:

Bonds of cities other than New England or New York having a population of more than 30,000.

Notes of cities other than New England or New York having a population of more than 30,000.

Personal notes with above securities as collateral, with 20 per cent. margin.

2d Class—

Length of road not less than 100 miles, exclusive of sidings, all standard gauge:

(a) Mortgage bonds of steam railroads incorporated in Massachusetts, Rhode Island or Connecticut, having earned net available for interest for three preceding years twice interest on the issue and prior liens.

Length of road less than 100 miles, exclusive of sidings,, standard gauge:

(b) Bonds of steam railroads as above having less than 100 miles of main line: Provided, such bonds are a first or refund-

ing mortgage or are guaranteed by a steam railroad described in (a).

Must be 1st mortgage or fully guaranteed by a steam railroad described in (a).

(c) Terminal bonds on property located in Massachusetts, Rhode Island, or Connecticut.

Length of road not less than 100 miles standard gauge track, exclusive of sidings.

(d) Mortgage bonds of steam railroad incorporated in any of the United States, described in (a).

Guaranteeing railroad must own and operate not less than 100 miles of standard gauge road, exclusive of sidings.

(e) Mortgage bonds of steam railroad described in (d) fully guaranteed by a railroad company which operates its own road and has earned for three years not less than twice the interest on all outstanding obligations.

Must be first lien, and payable within three years from date of issue:

(f) Equipment notes or bonds of steam railroad, having earnings described in (e).

(g) Personal notes with above securities as collateral, with 20 per cent. margin.

Margin of 20 per cent. required, and they must be listed on New York, Boston, Philadelphia, or Chicago stock exchange:

(h) Personal notes secured by shares of capital stock of steam railroad operating its own road which has for five years preceding paid 4 per cent. dividends on all its issues of stock.

3d Class—

Corporation must be organized under Rhode Island laws. Such bonds must mature five years before expiration of franchise.

(a) Mortgage bonds, electric railroad, street railway, gas company, electric light company, electric power company, which have earned for three years not less than twice interest charges nor been in default in any way.

Electric or street railway must earn $400,000 gross—minimum. Railroad and lighting combined, $600,000 gross—minimum. Gas lighting or power, $200,000 gross—minimum.

(b) Mortgage bonds described in (a) of company organized under laws of other states subject to restrictions as to minimum gross earnings during the next preceding three years.

(c) Bonds of any corporation owning over ninety per cent. of the capital stock and of the outstanding bonds of any street railway organized under Rhode Island laws, said bonds and stocks owned being deposited as collateral for above bonds issued, and which corporation has paid in each preceding five years not less than four per cent. on all its outstanding capital stock. Also, bonds of any such street railway guaranteed fully by any such corporation.

(d) Personal notes with preceding securities as collateral, twenty per cent. margin.

4th Class—

Amount invested in any one stock of this class limited.

(a) National bank stocks located in New England or New York States. Bank or trust company stocks, incorporated, and doing business in New England or New York states.

Margin of twenty-five per cent. required.

(b) Personal notes with above bank and trust company stocks as collateral, subject to restrictions.

5th Class—

Personal notes of depositors secured by bank book. Limit, ninety per cent.

6th Class—

Improved property loans, sixty per cent. limit.

First mortgages on real estate. Not exceeding seventy per cent. of deposits in amount of loan limited as to ratio to valuation.

Unimproved property loans, forty per cent. limit.

Mortgage loans not to be made except on report of two members of board.

7th Class—

Limited amount:

Promissory notes with collateral or one surety.

8th Class—

Must be Rhode Island corporations, or doing business in this State:

Must have paid at least 4 per cent. dividends on capital for preceding five years:

Notes of gas companies, water companies, electric light and power companies, telephone companies, railroad companies, street railroad companies, maturing in three years and five years before expiration of franchise.

9th Class—

Real estate by foreclosure, to be sold within five years.

10th Class—

Stocks and bonds acquired in settlements, to be sold within five years.

11th Class—

Banking house suitable for transaction of business.

PHILADELPHIA TRUST COMPANIES.

PHILADELPHIA has the distinction of having more trust companies than any other city in the country, though in the total resources of such companies it ranks third, New York being first and Chicago second. Its trust companies were developed comparatively early, and as they are in the habit of reporting the amount of trust funds held, their statistics are of special interest as showing what may be done by trust companies in acquiring fiduciary as well as deposit business, in a term of years.

The oldest of the Philadelphia trust companies,—the Pennsylvania Company for Insurance on Lives and Granting Annuities,—is also the oldest trust company in the country in years of existence, having been established in 1812; though it did not acquire the right to do trust business until 1836. The Girard Trust Company is another old company, having been chartered with trust powers in 1836, under the title of the Girard Life Insurance, Annuity and Trust Co. Nine of the city's trust companies were established before 1880, and twenty-five prior to 1890. These companies have therefore evidently been pretty well tried out in Philadelphia, and their present popularity and strength are high tributes to the value of their services.

On December 31, 1909, Philadelphia had fifty-nine trust companies, with aggregate capital of $39,897,218, surplus and profits of $55,374,618, deposits of $217,196,883 and total resources of $316,892,720. During the year 1909, the deposits increased $16,213,353, or a little over eight per cent. They increased $47,527,659, or over twenty-eight per cent., from the low point after the panic, December 31, 1907, when they stood at $169,669,224.

As above noted, it is the custom of these companies to publish the amount of trust funds, invested and uninvested, which they hold. The total of these on or about December 31, 1909, was $635,494,899,—certainly an impressive amount, and indicative of great confidence in the companies and of an appreciation of the value of the corporate trustee. The figures do not take into account the amounts represented by corporate trusteeships, but represent actual funds controlled by the companies in fiduciary capacities, either invested or on hand awaiting investment.

The amounts represented by corporate trusts are not always capable of being expressed in figures, but run up into very large amounts. Thus, the Girard Trust Company totals its corporate trusts as follows: "Corporate Trusts— (a). Total amount (i. e. face value) of trusts under deeds of trust or mortgages executed by Corporations to the company as trustee to secure issues of corporate bonds, including equipment trusts, $934,469,166.66; (b) Total amount of securities deposited by corporations with the company as trustee to secure issues of collateral trust bonds, $315,202,765.66."

The interest paid on deposits during the year ranged from two per cent. to three and one-half per cent., the most common rates being two per cent. on checking accounts with balances of $500 or over, and three per cent. on savings accounts.

In the matter of dividends, three companies paid two per cent., six paid four per cent., three paid five per cent., seven paid six per cent., six paid eight per cent., two paid ten and one-half per cent., two paid twelve per cent., two paid twenty per cent., one paid twenty-five per cent. and one paid thirty per cent.

The following table gives a list of the companies, with their deposits and the amounts of their trust funds. The figures are of the date December 31, 1909, with a few exceptions where the date is November 6, or November 27, 1909.

Company.	Deposits.	Trust Fds.
Aldine Trust Co.......	$443,575	$17,930
Belmont Trust Co.....	163,512	33,616
Central Tr. & Sav. Co.	3,755,115	1,073,984
Chelten Trust Co.....	610,240	112,465
Colonial Trust Co.....	1,119,762	76.031
Columbia Ave. Tr. Co.	2,079,377	402,651
Commercial Trust Co..	8,160,216	231.029
Commonwealth Title Insurance & Trust Co.	5,570,332	12,079,681
Continental Title & Trust Co.	3,576.698	577,008
Empire Title & Tr. Co.	211,120	622
Equitable Trust Co...	3,264,968	2,912,342
Excelsior Tr. & Sav. Fund Co.	1,111,200	......
Franklin Trust Co.....	739,733	1,631
Fairmount Sav. Tr. Co.	579,186	......
Federal Trust Co......	334,879	......
Fidelity Trust Co......	26,939,732	113,191,260
Finance Co. of Penn...	1,045,688	......
First Mtge. Guar. & Trust Co.	687,848	......
Frankford Trust Co....	2,004,676	351,730
German-Amer. Title & Trust Co.	1,986,123	461,718
Germantown Trust Co.	4,431,817	5,196,069

Company.	Deposits.	Trust Fds.
Girard Ave. Title & Trust Co.	720,244	9,285
Girard Trust Co.......	35,218,846	105,147,476
Guarantee Tr. & Safe Deposit Co.	5,502,425	13,968,440
Hamilton Trust Co....	1,436,498	23,974
Holmesburg Trust Co..	263,524	168
Independence Trust Co.	2,169,947	......
Industrial Tr., Title & Savings Co.	4,791,206	319,859
Integrity Title Ins., Tr. & Safe Dep. Co......	3,534,711	602,352
Kensington Trust Co...	566,757	......
Land Title & Trust Co.	9,601,763	17,244,574
Logan Trust Co.	1,314,138	94,464
Manayunk Trust Co...	1,146,796	567,407
Market St. Title & Tr. Co.	644,918	......
Merchants' Trust Co...	897,374	624,485
Mortgage Trust Co.....	134,209	......
Mutual Trust Co.......	550,685	......
Northern Trust Co.....	6,326,280	6,414,876
North Phila. Tr. Co....	1,190,802	16,000
Northwestern Tr. Co...	1,435,777	266
Pelham Trust Co.......	464,683	......
Pennsyl. Co. for Ins. on Lives & Granting Annuities	19,381,304	152,640,143
Pennsyl. Warehousing & Safe Dep. Co......	396,803	......
Peoples' Trust Co.....	1,180,240	1.698
Phila. Mtge. & Tr. Co.	76,000	121,513
Phila. Tr., Safe Dep. & Insurance Co.	9,196,783	68,456,687
Provident Life & Tr. Co.	10,134,170	83,794,070
Real Estate Title Ins. & Trust Co.	4,114,333	10,325,925
Real Estate Trust Co..	4,717,773	25,310,649
Republic Trust Co.....	769,068	3,107
Rittenhouse Tr. Co....	412,812	318
Tacony Trust Co......	597,492	1,940,065
Tradesman's Tr. Co...	1,572,414	152,938
Trust Co. of No. Amer.	2,858,931	5,390,948
Union Trust Co........	1,650,523	1,185,070
United Security Life Ins. & Tr. Co.......	1,325,842	1,040,774
Wayne Junc. Tr. Co.	360,158	......
West End Trust Co...	4,521,195	2,484,817
West Phila. Title & Trust Co.	2,676,836	1,101,800

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS.

TITLE TO PAPER DEPOSITED FOR COLLECTION—LIABILITY FOR DEFAULT OF BANK TO WHICH PAPER REMITTED.

FANSET vs. GARDEN CITY STATE BANK.

SUPREME COURT OF SOUTH DAKOTA, NOVEMBER 17, 1909.

The general rule is that upon a deposit being made by a customer in a bank in the ordinary course of business the title to the paper received and credited immediately passes to the bank, which becomes indebted to the depositor for the amount. But the question is always one of the agreement of the parties and neither the fact that the indorsement of the paper was unrestricted, nor that he was credited with the amount before collection is conclusive on the question of the ownership of the paper.

When, from the necessities of the case, the bank with which paper is lodged for collection cannot itself make the collection in a far distant locality, and the principal supposes that it is to be sent there through the ordinary and customary channels of sub-agents, such bank, in the absence of fraud or negligence on its part, is not liable for the default of such sub-agent; but, in all cases where there is no express or implied authorization of the sub-agent, the agent itself is liable.*

McCOY, *J.:* It appears from the record that on September 14, 1905, I. H. Fanset received a check from Le Sueur & Bradford of Minot, N. D., drawn on and payable at the Union National Bank, situated at Minot, N. D., for the sum of $500. This check I. H. Fanset indorsed in blank and handed the same, together with the passbook of M. O. Fanset, the plaintiff, to the

*The rule adopted by the Supreme Court of the United States and by the highest courts of many of the States is that, in the absence of an express or implied contract varying such liability, the collecting bank is liable for the neglect or default of any bank to which the paper is transmitted. Exchange Nat. Bank vs. Third Nat. Bank, 112 U. S. 276; St. Nicholas Nat. Bank vs. State Bank, 128 N. Y. 126; Reeves vs. State Bank, 8 Ohio St. 465; Simpson vs. Walby, 63 Mich. 479; Steeesguth vs. Nat. American Bank, 43 Minn. 50· Power vs. First Nat. Bank, 6 Mont. 251.

Garden City State Bank at their banking house. The book was handed to the bank officer at the bank window, without comment and the check was placed to the credit of M. O. Fanset in her passbook. I. H. Fanset at that time was acting as the agent of M. O. Fanset, his wife, and knew that the Garden City State Bank could not collect this check by any of its ordinary officers or servants, and knew they would send it for collection through the ordinary course of their business to some correspondent. I. H. Fanset testified, "I supposed that all checks deposited by me were subject to collection." F. E. Gibson, one of the officers of said bank, testified that prior thereto he had had conversation with I. H. Fanset, in which he stated that the bank would take such checks for collection, and if he received the money for the checks he would accept it, and if he did not he would charge them back to Fanset with cost of collection. Fanset did not deny such conversation, but said that he had no recollection of such conversation. On September 14, 1905, the said Garden City State Bank sent the said check to one of its correspondents, the Sioux Falls Savings Bank at Sioux Falls, S. D. That the Sioux Falls Savings Bank sent the same to the Swedish American National Bank of Minneapolis, Minn., on September 16, 1905. The Swedish American National Bank of Minneapolis, Minn., sent this check to the Minot National Bank of Minot, N. D., and it was paid by the Union National Bank of Minot to the Minot National Bank on September 18, 1905. That the Minot National Bank on September 18, 1905, sent a draft for the amount of this check, less their collection fees, to the Swedish American National Bank, drawn on the Merchants' National Bank of St. Paul, Minn. That this draft of the Minot National Bank was protested for nonpayment by the Swedish American National Bank in due form, on September 20, 1905, and has never been paid. That immediately after the sending of said draft the Minot National Bank closed its doors on account of insolvency, and that all of said banks, including the Minot National Bank, were, at the time of reciving said check by the Garden City State Bank, of good repute.

M. O. Fanset, as plaintiff, brought this suit against the defendent, the Garden City State Bank, to recover the said amount of $500 credited in her favor in her passbook on account of the delivery of said check to the Garden City State Bank. The defendant resists such recovery, claiming that the said check was delivered to said bank for collection and credit in the ordinary and usual course of its banking business, that it did not purchase the said check of said Fanset, and that the said credit in said passbook was not intended as a permanent credit unless said check was collected. The defendant further contends that the said Minot National Bank, on account of whose default the said proceeds of said check was lost, was then acting as the agent of plaintiff, and not as the agent of the defendant, and that the defendant, Garden City State Bank, is not liable on such transaction to the plaintiff for the payment of said $500 credited to her in said passbook, but that plaintiff must look to said Minot National Bank. The cause was tried to the court without a jury on stipulation of the parties, and the court made findings and rendered judgment in favor of the plaintiff. The defendant moved for a new trial, which was overruled, and now brings the cause to this court challenging the correctness of the findings and judgment.

There are but two questions before this court for consideration: (1.) Was said check delivered to defendant for collection and credit only, or was the same purchased by defendant, and that defendant became the owner thereof? (2.) Was the Minot National Bank the agent of plaintiff, or was it the agent of defendant, in making said collection from the Union National Bank of Minot, and remitting the proceeds thereof?

Under the evidence and findings of the trial court, we must answer that

the Garden City State Bank took the said check for collection and credit only, and not as a purchaser, and that the relationship of debtor and creditor did not exist between plaintiff and defendant by reason of such transaction. The second finding of fact made by the trial courts is as follows: "On September 14, 1905, the plaintiff was, and for a long time prior thereto had been, a regular customer of and a general depositor in said bank, and there was an oral agreement or undertaking between the plaintiff and defendant bank, whereby the plaintiff was to be permitted to deposit checks, such as the one hereinafter in these findings mentioned, in defendant bank, and receive credit for the amounts thereof in his account with the bank at the time or times of such deposit or deposits, and the defendant bank was to be permitted to charge against him in said account the amount or amounts of any such check or checks not honored and paid by the bank or banks on which the same was or were drawn, but in the meantime, and until the dishonor of a check so deposited, the plaintiff was to be permitted to draw or check upon the amount thereof so credited, as though it were a cash deposit, and no charge for collecting such checks so deposited, exchange expenses excepted, was to be made by the defendant bank against the plaintiff; the defendant bank receiving no consideration for receiving, crediting, and collecting such checks, other than such as naturally followed or accrued to it from its relations with the plaintiff as a customer and depositor." In Re State Bank, 56 Minn. 119, 57 N. W. 336, 45 Am. St. Rep. 454, on precisely the same state of facts as found by the trial court by this finding, it was held that the paper was taken for collection and credit, and that title thereto did not pass to the bank by such transaction. The court by Mitchell, J., said: "The general rule is that, upon a deposit being made by a customer in a bank, in the ordinary course of business, of money drafts or other negotiable paper, received and credited as money, the title of the money drafts or other paper immediately becomes the property of the bank, which becomes debtor to the depositor for the amount; and, if no other facts appeared than these, they would be held to conclusively show that such was the intention.

But the question is one of the agreement of the parties, and neither the fact that the indorsement of the paper by the customer was unrestricted, nor that he was, before collection, credited with the amount on his account, with the privilege of drawing against it, is conclusive on the question of the ownership of the paper. It was in fact delivered to the bank for collection, or for collection and credit, and a credit to the customer before collection will be deemed merely provisional, which the bank may cancel if the paper is not paid by the maker or drawer." Bank vs. McDonald, 51, Cal. 64; First Nat. Bank of Omaha vs. Bank of Moline, 55, Neb. 303; 3 Am. & Eng. Ency. 843, 5 Cyc. 502.

When an agent employs other persons to assist him in transacting the affairs of his principal, the person so employed is called a "subagent"; and, where an agent has authority to employ subagents, he will not be liable for the acts or omissions of the subagent, unless in the appointment of such subagent he is guilty of fraud or negligence, or co-operates with the subagent in such acts or omissions. (1 Am. & E. Ency. 981; Kentucky Bank vs. Adams Express Co., 93, U. S. 174; Loomis vs. Simpson, 13 Iowa, 532; Williamsburg Ins. Co. vs. Frothingham, 122 Mass. 391; Cyc. 1429; Hoag vs. Graves, 81 Mich, 628; Beck 1 vs. Meeker, 68 Neb. 99; Fritz vs. El. Co., 136 Iowa, 699; Wright vs. Isaacks, 43 Tex. Civ. App. 223; Groscup vs. Downey, 105 Md. 273; Bank vs. Johnson, 6. N. D. 180; Exchange Bank of Pittsburg vs. Bank of New York, 112 U. S. 276.) This seems to be the rule established in this state by sections 1699-1701, Civ. Code. Sherman vs. Port Huron Company, 13 S. D. 95.

Express authority to appoint subagents is not always necessary. Such

authority is usually to be implied when the agency obviously, and from its very nature is such as to make the employment of subagents necessary. In such cases the employment of subagents is presumed to have been contemplated when the power was given, and the agent has implied authority to appoint such subagents within the limits of the necessities of the case. (31 Cyc. 1427; 1 Am. & Eng. Ency. 981; Bank vs. Western Union Tel. Com., 52 Cal. 280; Gum vs. Trust Co., 1 McCreary, 51 Fed. Cas. No. 5,867; Corcoran vs. Hinkel [Cal.] 34 Pac. 1031; Davis vs. King, 66 Conn. 465, 34 Atl. 107, 50 Am. St. Rep. 104; Breck vs. Meeker, 68 Neb. 99; Bank vs. Johnson, supra).

In this last case, Bank vs. Johnson, being a case involving very similar issues to the case at bar, where a certificate of deposit had been deposited with a bank for collection and credit, the North Dakota Supreme Court held that until the certificate of deposit had been collected, and the money received by such bank, the relation of principal and agent existed between the owner of the certificate and the bank, and that the relation of debtor and creditor would not exist until the bank, with whom the certificate had been deposited, had received the money.

The court, speaking by Corliss, J., said: "Until the bank should have collected the certificate, the relation of principal and agent would exist between the bank and the owner of the certificate. Any advance or credit which it might make prior to that time would not in any manner prejudice the owner's right to it, or to other property, in the hands of the subagent bank which had been substituted for it. The owner of the certificate, having employed bank agencies to collect his paper—having placed it in the channels of banking business for that purpose—he must be deemed to have assented to the usages of banks in transacting business of that character.

Having made no provision to have the identical money collected sent to him, he must be deemed to have assented to the transmission of the money from one subagent to another, and finally to the original agent, by the well-known and universally employed system of bank credits, and, not having made provision for the transmission of the actual cash from bank to bank, he must be deemed to have agreed that the remittance should be made, through such intermediate agents as should be engaged in the collection and transmission, by bank credits and debits."

Hence we conclude that the plaintiff, Fanset, delivered the check in question to the Garden City State Bank, for collection and credit, and that plaintiff, by implication, authorized the said Garden City Bank to employ others as subagents, to make the collection and transmit the proceeds thereof back to the defendant through the ordinary and customary course of banking business, and through ordinary banking channels, and that, by reason of the fact of the said proceeds of said check never having been received by defendant, the relation of creditor and debtor, of the amount represented by said check, did not at any time exist between plaintiff and defendant, and that the defendant, in the absence of any showing of fraud or negligence on the part of defendant in selecting of such subagents, is not liable to plaintiff on account of the deposit of said check, but that plaintiff must look to the subagent, the National Bank of Minot, through whose failure the proceeds of the check were lost.

We are aware of the fact that there is some seeming conflict of authorities in reoard to generally apparent similar circumstances; but the conflict is more "seeming" and "apparent" than real. Where paper is delivered to a bank, or other agent, for personal collection, where it is presumed that the bank, or other agent, will personally make the collection, as where the paper is made payable at the same bank, or in the same vicinity, or where the bank sends the paper to the bank against which it is drawn, in all such or similar cases, it is generally held that the agent is liable for the acts or omissions of the subagent; but when, from the very necessities of the case, the agent employed

to collect cannot personally make the collection of paper in a far distant locality, and the principal knows it is to be sent to such far distant locality, through the ordinary and customary channels to subagents, as in the case at bar, then, in the absence of fraud or negligence on the part of the agent, it seems to be generally held, by all courts of last resort and text-writers, that the agent is relieved of liability, and that the principal must look to the subagent, whom he has expressly or impliedly authorized to act for him; but, in all cases where there is no express or implied authorization of the subagent the agent himself is held to be liable.

The judgment of the circuit court is reversed, and a new trial granted, and the case remanded to the circuit court for further procedure in accordance herewith.

COLLATERAL NOTE—PART PAYMENT—STATUTE OF LIMITATIONS.

BROOKLYN BANK vs. FRANK A. BARNABY.

COURT OF APPEALS OF NEW YORK, JANUARY 4, 1910.

A bank holding a note which authorizes the officers of the bank to sell the collateral securities at public or private sale and to apply the proceeds to the payment of the note is the agent of the maker only for the purpose of such sale and application, and has no power to extend the period of limitation.

The application of the proceeds arising on such a sale of the collateral securities does not constitute a part payment which arrests the running of the statute of limitations.

THIS was an action upon a promissory note for $68,000 made and delivered by the defendant to the plaintiff, bearing date February 12, 1894, and payable on demand, with interest. Attached to the note was a schedule of securities which the defendant had deposited with the plaintiff as collateral, and this was followed by a written authorization empowering the bank, its president and cashier to sell without notice at the board of brokers or at public or private sale, at the option of the bank, its president or cashier, in case of the non-payment of the note. the net proceeds to be applied to the payment of the note, including interest; the surplus, if any, to be accounted for, and the deficiency, if any, to be paid by the defendant.

Beginning with the 8th day of March, 1894, and continuing to and including October, 1895, the defendant made certain payments, as to which there is no dispute and which were duly indorsed of the back of the note. The plaintiff contends that two payments of later date were made, the first on the 24th day of August, 1899, amounting to $526.50, and the second on the 10th day of December, 1901, amounting to $1,775. The defendant, while admitting the transaction upon which the plaintiff predicates its claim of these two last payments, denies that they were such payments as to affect the running of the Statute of Limitations, and it is upon that theory that he defends this action.

The action was commenced on September 12, 1906. That was eleven years after the last conceded payment of October, 1895; seven years after the first disputed payment of August 24, 1899, and five years after the last disputed payment of December 10, 1901.

The case was tried before the court without a jury, and the court expressly found that all the payments contended for by the plaintiff were in fact made, but it also found the specific facts constituting the disputed payments of 1899 and 1901.

The findings which relate to the transaction of 1899 were as follows: "That on the 24th day of August, 1899, the plaintiff, at the request of the defendant, returned to the defendant seventy-five (75) shares of the Knickerbocker Steamboat Company stock, mentioned in the promissory note set forth in the second finding of fact. which request was made in the words and figures following:

" 'Brooklyn, N. Y., Aug. 24, 1899.

"To the Brooklyn Bank:

"Please deliver to bearer 75 shares Knickerbocker Steamboat Company now

held as collateral security in my loan of February 12, 1894, and accept in place thereof five hundred and sixty-two 50 dollars ($562.50).

Respectfully,

"'(Signed) F. A. BARNABY.'

"That at the time of the delivery of said seventy-five (75) shares of the Knickerbocker Steamboat Company stock, Thomas M. Halsey, cashier of the plaintiff bank, indorsed upon the promissory note set forth in the second finding of fact the following matter:

"'August 24th, 1899. Rec'd a|c within loan five hundred and sixty-two 50-100 Dollars and ret. 75 shares Knickerbocker Steamboat Co.

"'THOS. M. HALSEY, Cash.'"

The details of the transaction of December, 1901, the court found to be as follows:

"That on the 10th day of December, 1901, the plaintiff sold at private sale twenty-five (25) shares of Eagle Warehouse Company stock, being part of the collateral security mentioned in said promissory note set forth in said second finding of fact, and received therefor the sum of $1,775.

"That after the sale of the said twenty-five (25) shares of the Eagle Warehouse Company stock the plaintiff, on the 10th day of December, 1901, sent a letter by mail to the defendant notifying him of the said sale.

"That the said letter mentioned in the foregoing finding of fact was written and mailed after the sale of the said twenty-five (25) shares of the Eagle Warehouse Company stock had been made.

"That the plaintiff credited the proceeds of the sale of the said twenty-five (25) shares of the Eagle Warehouse Company stock to the account of the loan.

"That on the 10th day of December, 1901, the cashier of the plaintiff bank made and indorsed upon the back of the promissory note mentioned in the second finding of fact the following indorsement: 'December 10th, 1901. Rec'd a|c within loan fourteen hundred and thirty-seven 50-100 from sale of 25 shares Eagle Warehouse Co.

"'THOS. M. HALSEY, Cash.'"

Upon all the findings of fact the trial court based the legal conclusion that the exchange of stock for money in 1899 and the sale of the Eagle Warehouse Company stock in 1901, constituted payments which kept the note alive, so that the Statute of Limitations had not run when the action was commenced. Upon these findings and conclusions judgment was entered for the plaintiff, and upon defendant's appeal to the Appellate Division that judgment was unanimously affirmed.

The Court of Appeals held that these facts were not sufficient to arrest the of the statute of limitations, and reversed its judgment.

NOTES ON CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto.]

PROMISSORY NOTE GIVEN FOR GOODS TO REMAIN PROPERTY OF PAYEE—MEMORANDUM THEREON—ENDORSEMENT.

FRANK VS. GAZELLE LIVE STOCK ASSOCIATION (6 T. L. R., P. 392).

In an action by an endorsee of a document in the form of an ordinary promissory note, but having on the face of it a memorandum, "Given for Suffolk stallion, 'His Grace,' same to remain the property of J. H. Truman until this note is paid,"

Held, That the document was not a promissory note and that the rights of the parties under it could consequently not be assigned by the simple endorsement.

THIS was an action brought by the plaintiff as indorsee against the defendants as makers of a document in the following terms:—

Innisfail, N. W. T., June 16, 1903.

$3,000 xx|100

One year .... after date I promise to pay the order of J. H. Truman for the Pioneer Stud Farm, Bushnell, Ill., J. G. Truman, mgr., at the Union Bank of Cana-

da here, the sum of three thousand..xx|100 dollars. Value received.

Given for Suffolk stallion "His Grace." Same to remain property of J. H. Truman until this note is paid.

Gazelle Live Stock Co.,
Frank F. Malcolm, manager.

This document has endorsed on the back the following:

Without recourse, the Pioneer Stud Farm, J. G. Truman, manager. Pay to the order of Fred'k Frank. F. Frank.

Judgment (Harvey, J.): The objection to payment is that the document is not a negotiable promissory note, and that, therefore, the plaintiff, without a valid assignment in writing, cannot maintain this action. In the Court of Appeal for Ontario it was held that a document purporting to be a promissory note, but containing a proposition that the title and right to possession of the property for which the note was given should remain in the owners, the payees of the note, until the note was paid, was not a negotiable promissory note, on the ground that it was not an absolute unconditional promise to pay. (Dominion Bank vs. Wiggins.)

As a similar judgment of the Court of King's Bench of Manitoba in the case of The Bank of Hamilton vs. Gillies, but the reasons in this latter case were different, Mr. Justice Killam there holding that as Sec. 82 of the then The Bills of Exchange Act indicated what conditions and additions might be made to a promissory note without destroying its negotiability, it impliedly negatives any other conditions or additions. After referring to some other cases in England the then justice said that in one of these cases were the circumstances exactly the same as in this case where the added provision is simply a short memorandum at the foot of the document and does not take the form of an agreement between the parties and signed by the maker as in all the other cases.

After careful consideration the learned judge was unable to distinguish this case on that ground and came to the conclusion that the statement in the memorandum, "same to remain the property of J. H. Truman until this note is paid," can be treated as nothing but an agreement between the parties to the instrument, and that, therefore, the note was within the principle of the authorities referred to. The note not being negotiable, the right of the payees to it could not be assigned by a simple endorsement. It was further contended that the endorsement in question was not valid, but it is unnecessary to consider that contention.

PARTNERSHIP—CHECK PAYABLE TO FIRM—INDORSEMENT AND DEPOSIT BY PARTNER IN BANK TO CREDIT OF ANOTHER FIRM—LIABILITY TO BANK TO PARTNER DEPRIVED OF PROCEEDS—ACQUISITION OF CHECK—CONVERSION—BREACH OF TRUST—NOTICE—FINDINGS OF TRIAL JUDGE—ABSENCE OF NEGLIGENCE—BONA FIDES.

ROSS VS. CHANDLER AND THE IMPERIAL BANK. (19 O. L. R. p. 584.)

C. A member of a partnership of R. M. & C. received a check payable to the firm for a large sum due to the firm, and endorsed it in the name of the firm, which he had a right to do. Instead, however, of depositing the check to the credit of the firm or cashing it and applying the proceeds for the benefit of the firm, he and M., without the knowledge or consent of R., took the check to a bank, where they opened an account in the name of a new firm M. C. & M., of which they were members, and handed the check to the bank indorsed also in the name of the new firm. The bank at once credited the new firm with the amount of the check. The assistant general manager of the bank with whom the business was transacted, made no inquiries of any kind as to the old or the new firm. The trial Judge found no negligence and good faith on the part of the bank:

Held, that the transaction was a discounting or purchase of the check by the bank, that the trial Judge's findings were supported by the evidence (Osler, J. A. Dubitante) and that without proof of negligence and bad faith the plaintiff R. was not entitled to succeed against the bank in an action for conversion of the check or misapplication of it in breach of trust.

In the year 1905, the plaintiff and the defendants, McRae and Chandler, formed a partnership upon terms set

out in partnership articles, dated December 18, 1905. Amongst other provisions were the followings:

"6. Neither partner shall draw any moneys from the business other than the said salary as hereinbefore mentioned until the whole contract is wound up. 7. Neither partner shall use any moneys, securities, or any property of the co-partnership, or in any way pledge the credit of the co-partnership, or use the co-partnership name, except for the necessary and proper purposes of the partnership." And provision was made for taking an account of the affairs of the partnership upon the completion of a contract then in hand for building twenty-three miles of railway from Three Rivers to Shawinigan Falls, and for a division of the profits.

When this contract was on the way towards completion, Ross, who had been looking after the practical work of construction, left, and went to this Province. Chandler remained and saw the contract finished and received a check payable to the order of the firm, "Ross, McRae & Chandler," for the sum of $56,251.27. He and McRae had formed a new partnership with one McNeil under the firm name of McRae, Chandler & McNeil. In March, 1907, McRae and Chandler went into the head office of the Imperial Bank in Toronto and had an interview with Mr. Hay, the assistant general manager of the Imperial Bank. McRae was known to Hay, and introduced Chandler and Hay to each other. Chandler informed Hay that "they" had just completed a contract at Shawinigan, and were about to commence another contract on the Temiskaming Railway and said that "they" would like to open an account with the Imperial Bank, which had an office at New Liskeard. Hay saw a chance of increasing the circulation of his bank's notes in New Ontario, and readily agreed. The arrangement was made to open a credit for the firm of McRae, Chandler & McNeil. Hay made no inquiry as to this firm, and nothing was said which would lead him to believe that Ross had any interest in this firm. It is quite plain that Hay made no inquiries of any kind about the new firm or about any firm or about who had an interest in the new contract.

The check was endorsed by Chandler in the name of Ross, McRae & Chandler, adding his own name, and then the name of McRae, Chandler & McNeil, adding his own name again, and it was handed to the Imperial Bank, and at once the firm of McRae, Chandler & McNeil was credited with the amount. The check which was drawn on the bank of Montreal, Montreal, was sent by the Imperial Bank to Montreal, and there collected.

Ross in the meantime had expected that Chandler would collect the amount of the check, and, after paying any outstanding liabilities of the firm, divide the profits. He did not know of and would not have assented to, the disposition of the check already set out.

The action was tried before Mr. Justice Riddell, by whom it was dismissed. An appeal to the Division Court was dismissed, and then this appeal was taken to the Court of Appeal and was also dismissed. The following is taken from the judgment of Mr. Justice Riddell which was thus sustained by the Final Court of Appeal for Ontario:

The transaction was a discounting *i. e.*, a purchase of the check by the bank: the money placed to the credit of the new firm would, no doubt, not be paid out if the check for any reason were dishonored, but that circumstance does not alter the transaction itself.

Had, then, the bank the right to acquire the check, to make it the property of the bank, under the circumstances of this case? It is argued that the facts bring the case within the authority and principles of the well-known decision of Lord Westbury, L. C. in Ex P. Darlington District Joint Stock Banking Co., (1865) 4 D. J. & S. 581, 11 Jur. N. S. 122. The Lord Chancellor (11 Jur. N. S. at p. 123) says: "Generally speaking, a partner has full authority to deal with the partnership property for partnership purposes. If the business of the partnership be such

as ordinarily requires bills of exchange, then, unless restrained by agreement, any one partner may draw, accept, and indorse bills of exchange in the name of the partnership for partnership purposes. All persons may give credit to his acts and his authority, unless they have notice, or reason to believe, that the thing done in the partnership name is done for the private purposes or on the separate account of the partner. In that case, authority, by virtue of the partnership contract, ceases, and the person dealing with the individual partner is bound to inquire and ascertain the extent of his authority, otherwise he must depend on the right and title of the partner, or on circumstances sufficient to repel the presumption of fraud. These principles have been established by a long series of decisions—if, indeed, decisions were at all required to show the proper application of the rule of law, which is so plain and obvious........." And, after quoting Leverson vs. Lane (1862) 13 C. B. N. S. 278, as approving what is said in Smith's Mercantile Law, viz.:—"It would seem that the unexplained existence of a partnership security, received from one of the partners in discharge of a separate claim against himself, is a badge of fraud, or of such palpable negligence which amounts to fraud, that it is incumbent on the party who takes the security to remove, by showing either that the party from whom he received it acted with the authority of the rest of the partners, or that he himself had good reason to believe that was the fact."

The Lord Chancellor goes on to say: "It is immaterial whether the partnership security is applied in discharge of an existing debt, or whether it is used by the individual partner for the purpose of obtaining money to be applied for his own personal purposes....The transaction, therefore, was plain on the face of it, that the partnership security was converted by the individual partner into his own private personal property, in order to be converted to his own private purposes, the bank receiving such bills and discounting them at the instance of the individual partner, with whom they had an account...... I cannot put their case higher than the right of the individual partner, with whom they dealt, and they can have no claim to be compensated by the partnership, unless that be the right of the individual with whom they have so dealt."

It is true that in that case the bills purported to be drawn and indorsed by the firm, and consequently there was a claim against the partnership upon the bills themselves. But I think that the principle remains the same—no one may with impunity take from one partner an asset of the firm "for the purpose of obtaining money to be applied for his own personal purposes" or with a knowledge that it is not to be applied for the purposes of the partnership.

But, as it seems to me, there must be something in the transaction more than the mere fact that it appears that the partner is obtaining the money, or even that he is paying the money to a firm of which he is a partner and the others are not, there must be something suspicious, something to show or indicate that the firm is not getting the benefit of the payment.

McRae was known to Hay, Chandler was also known by repute as being an honorable business man, they told Hay that they had just completed a contract down East, and that they were about to commence another on the Temiskaming Railway, and would like to open an account by depositing a considerable sum of money, represented by a check from the St. Maurice Construction Company. Hay knew that it is not an uncommon thing for contractors to take contracts under different names, had known of such cases personally, as such methods are often pursued, it never occurred to him to ask for an explanation of the fact that a check payable to the order of Ross, McRae & Chandler, or the proceeds of such check were to be paid to the order of McRae, Chandler & McNeil, though nothing was said to lead him to believe that Ross had any interest in the firm of McRae, Chandler & McNeil. I am unable to find gross negli-

gence here or any negligence. It is apparent that Hay supposed that the old firm were going on under a new name. No possible imputation of fraud or unfair dealing, wilful blindness, or any impropriety, can successfully be made against Hay, whose good faith in this transaction is above suspicion. Such being the case, I think the bank have made out that they had reason to believe that Chandler was acting within his authority.

Another way of looking at the transaction attacked in this action is that the bank participated in the alleged unauthorized, and therefore improper, act of Chandler & McRae—these, it is alleged, were guilty of a breach of trust in their dealings with the check.

Admitting that the deposit of the funds of the one firm to the credit of the other should, under the evidence or want of evidence in this case, be held to be a wrongful act—that, neither McRae nor Chandler giving any explanation why the funds were placed to the credit of the new firm, it should be taken that the transaction was a fraud upon their partner and a breach of the duty which they owed him—that is not enough to charge the bank. It is not the participation in an act which is in fact unauthorized or a breach of trust which will charge the participator, but the participation in an act which is or should be known to be so.

Then it is contended that the bank are liable in trover, notwithstanding my finding of good faith on their part—and, of course, in an action in trover the question of good faith is immaterial. It seems to me that, having held that the bank had a right to the check after discounting it, as against everybody including the plaintiff, no question of conversion can arise.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

NEGOTIABILITY OF NOTE PAYABLE IN EXCHANGE.

ASHEVILLE, N. C., March 1, 1910.

Editor Bankers Magazine:

DEAR SIR: Please let us know if the enclosed copy of note is negotiable. We have generally understood that note payable in exchange affects its negotiability, but we have seen somewhere the opinion of a party of authority that it does not effect it. If the exchange feature is not worded right, can it be so worded that it will not effect the negotiability of the note?

W. B. WILLIAMSON, Cashier.

Approved	$5,000 Asheville, N. C., Feb. 19, '10 Four months after date, we, or either of us, promise to pay to John Doe or order, Five Thousand
Bank's No.	and 00-100 Dollars, with current rate of exchange on New York, N. Y., for value received in a loan of money, payable at the office of the **Wachovia Loan & Trust Company**, Asheville, N. C., with interest after maturity.
Due	The Drawers and Endorsers of this note severally waive presentment, protest and notice of protest and guarantee its payment any time after maturity.
	Post Office....................
	No.......... Peter Roe (Seal)
	Due......... John Smith (Seal)

Answer: The note described in the inquiry is negotiable. Section 2 of the Negotiable Instruments Law (North Carolina Act,) provides that "The sum payable is a sum certain within the meaning of this Act, although it is to be paid:

* * *

"4. With exchange, whether at a fixed rate or at the current rate."

DRAFT DRAWN ON ONE BANK PAYABLE AT ANOTHER.

SEATTLE, March 5, 1910.

Editor Bankers Magazine:

DEAR SIR: We would greatly appreciate your opinion on the following:

A bank located in a remote part of this State draws its draft on a nearby bank and stamps the draft "Payable, if desired, at A. B. Bank, Seattle, Wash." Such a draft is received by X. Y. Bank, Seattle, in payment of a collection and is cleared on A. B. Bank and paid by it in the regular course through the Clearing House.

The question arises now as to the right of A. B. Bank to collect the draft from X. Y. Bank which endorses it "Paid through

Clearing House," in the event the draft is not paid by the drawee. Is X. Y. Bank liable to A. B. Bank in that event?

D. H. Moss, Vice-President.

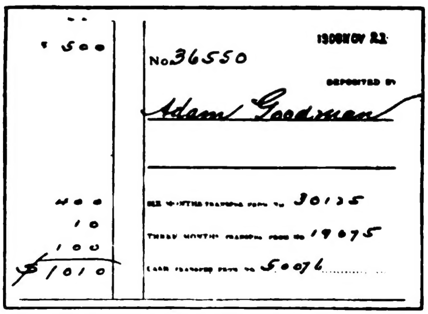
Answer: The presentment of the check through the clearing house to A. B. bank was not a negotiation thereof, but a demand of payment, and that bank did not merely *cash* the check, but *paid* it for the account of the drawee. The effect of such payment was to discharge the draft (Negotiable Instruments Law [Wash.] Sec. 119), and the legal right of A. B. bank was not to present the draft to the drawee for payment, but treat it as a paid item, and look to the drawee for reimbursement, in accordance with such arrangements as it may have with that bank. But so far as X. Y. bank is concerned, the payment was just as irrevocable as if the draft had been drawn directly on bank A. B.

SAVINGS BANKS

ALTERATION OF PASS BOOKS AND TRANSFER OF ACCOUNTS.

By W. H. Kniffin, Jr.

A SAVINGS bank pass book, once issued should never be altered. It is liable to lead to complications and should not be encouraged. Not that a loss or a law suit will follow as a matter of course, but law suits


No. 36550
Adam Goodman
30125
17875
50076
$1010

Form 1.—Deposit slip with provision for "splitting up" the transferred balance. This bank keeps track of the forfeited interest on each withdrawal. Union Dime Savings Bank, New York.

have arisen over just such trivial matters and it is best to be on the safe side of the question. As to the addition of a name, this is not attended with as much risk as an erasure, and is practised to a greater or less degree in a great number of banks, and many have forms for such purposes. Frequently savings bank officials are asked to add names to existing accounts, or to alter single name accounts to joint or trust accounts or vice versa. It is always advisable when such alterations are made, that the authority for so doing should be clearly stated and filed for reference.

The case of Kelly vs. Beeres (194 N. Y., 49) one of the most recent (January, 1909) and most exhaustive of the "Joint Account Cases" in the New York courts, arose in a large measure over such alterations. The depositor had accounts in several savings banks, in single name accounts, and had them altered to either joint or trust accounts for her daughter. The deceased depositor left a will disposing of her deposits in the various banks, by which the daughter was to receive about $7,-000, while the deposits totaled $9,-878, and action was brought to test the legality of these alterations and changes, which the daughter successfully sustained on the ground that the

mother had *intended* to create joint ownership in these moneys and the intent being clear, no particular formula was required for so doing.

Change of Name.

The only addition to a book, about which there can be no question, is in the case of maidens who wed, and desire to retain the old book from sentimental reasons;—reasons connected with saving money for a "specific purpose;" the growth of the account, the numerous and frequent withdrawals; reminiscences of the happy days when the wedding trousseau was being prepared, and little knicknacs were being gathered for the new home, and so on *adfinitum*. In such cases it is entirely proper to add the marriage name, as for instance "Lillian P. King now Fisher," indicating that Lillian was once single and now is married, and had enough left to keep her bank account alive.

But erasures or crossing out of names is quite a different matter and should never be practiced. It is frequently requested, and often for good and sufficient reasons, but the account should be closed and a new account opened, thus making a self-explanatory transaction.

Two cases in the New York courts illustrate this point. In one, that of Beaver vs. Beaver (117 N. Y. 421) the account was opened by the father "for" the son. The son's name was erased from the book, but by whom and when, did not appear. Action was brought by the representatives of the son, after the death of both father and son, to recover the money so deposited, and while the erasure did not materially affect the outcome, it was an act that was open to question.

In the famous Totton case (Matter

REDEPOSIT

DATE Mch 10 '09

NO. 350.876

NAME.

Silas Greenback

$ 100 — 6 Mos

$ 50 — 3 Mos.

$ 25 — Not on Int

$ 175

From No. 325.968

Form 2.—Redeposit ticket with provision for splitting the amount according to the interest balance. Not necessary to refer to the old account at interest time. Providence (R. I.) Institution for Savings.

UNION SQUARE SAVINGS BANK

Formerly INSTITUTION FOR THE SAVINGS OF MERCHANTS' CLERKS

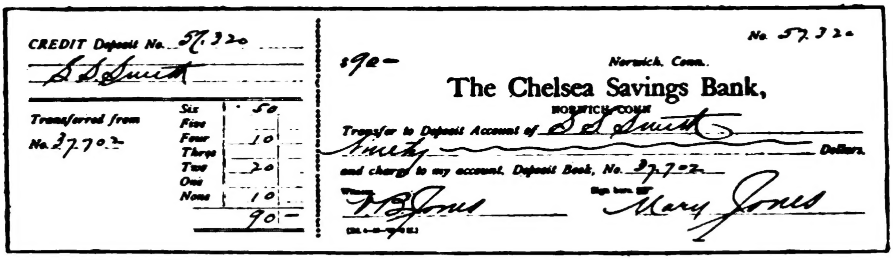
No. 20 Union Square, New York

Pay, by opening New Account with same title as before, the Balance due, and charge the same to Passbook No. 75,329 *sent herewith.*

Dated Sept 10 *19*09.

(Signature) Robert Merchant

Form 3.—Order for transfer of account. Union Square Savings Bank, New York.



CREDIT Deposit No. 57320

S S Smith

Transferred from No. 37702

Six	.50
Five	
Four	10
Three	
Two	20
One	
None	10
	90 —

No. 57320

$90 —

Norwich, Conn.

The Chelsea Savings Bank,

NORWICH, CONN.

Transfer to Deposit Account of S S Smith

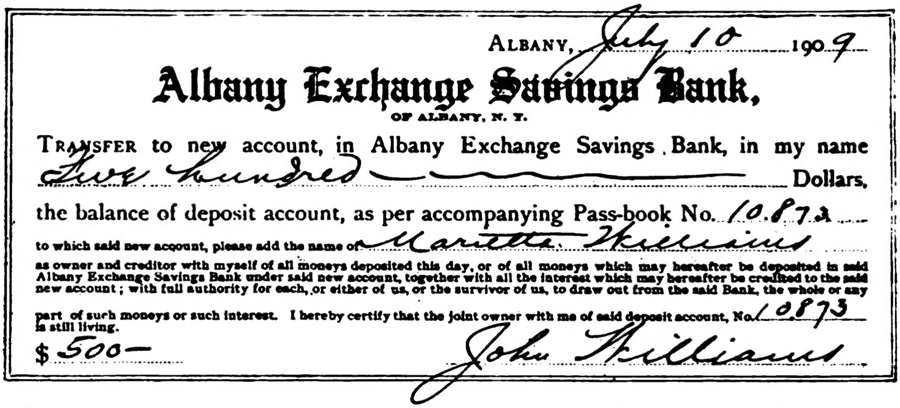
Ninety ——— Dollars.

and charge to my account, Deposit Book, No. 37702

Witness F B Jones

Sign here Mary Jones

Form 4.—Order for transfer of account, with stub showing the distribution of interest which the old account was entitled to. This avoids referring to the old account. Chelsea Savings Bank, Norwich, Conn.



ALBANY, July 10 1909

Albany Exchange Savings Bank,

OF ALBANY, N. Y.

TRANSFER to new account, in Albany Exchange Savings Bank, in my name Five hundred ——— Dollars, the balance of deposit account, as per accompanying Pass-book No. 10873 to which said new account, please add the name of Mariette Williams as owner and creditor with myself of all moneys deposited this day, or of all moneys which may hereafter be deposited in said Albany Exchange Savings Bank under said new account, together with all the interest which may hereafter be credited to the said new account; with full authority for each, or either of us, or the survivor of us, to draw out from the said Bank, the whole or any part of such moneys or such interest. I hereby certify that the joint owner with me of said deposit account, No. 10873 is still living.

$ 500 —

John Williams

Form 5.—Order calling for change in the nature of account, making a single name account in joint names. Albany (N. Y.) Exchange Savings Bank.

of Totten, 179, N. Y. 112) a trust account was altered by erasure, and when carried forward to a new number in the ledger of the bank, the account was headed without the portion erased. This also had but little effect on the final outcome, but the questions always arise in such instances: Who made this erasure? When was it done and by whose authority? What was the intent in opening an account in one form and by erasing a name, change the character of the account? What is the result upon the party whose name is thus cancelled? It is much safer in law and much better in banking to take the depositors' receipt in full for the amount, issue a new book, and no question can arise,—provided, of course, the one making the withdrawal has the right to do so. It is about the same as altering a will by crossing out paragraphs, and is bound to open the question box, and question boxes are no part of savings bank equipment. They are full of trouble and should be left alone.

Transfer of Pass Books.

Transfers of pass books, being essentially deposits and withdrawals, except in cases where names are added to the book, are usually treated precisely as cash transactions and put through the usual course. But inasmuch as these transfers generally carry interest, it is advisable to have some provision for "distributing" the amount transferred at the time, so that reference to the old account will not be necessary when the next dividend is computed. Forms 1, 2 and 4, illustrate this point. Notation is made on the new account and no further work is necessary to properly compute the interest. Transfers are not always attended with accrued interest, as for instance in transferring between those

having no previous interest in the account. Banks make their own rules in such cases, but the usual custom is to allow interest where the ownership of the book is not materially changed, or the funds are not disturbed.

TRANSFER

DATE. Feb. 10. 10

NO. 88877

NAME

Peter Jones

$	500	6 Mos.
$	100	3 Mos.
$	50	Not on Int.
$	650	

FROM NO. 37875

TELLER. A. Backus

NEW BEDFORD INSTITUTION FOR SAVINGS

Form 6.—Transfer ticket showing distribution of interest. New Bedford (Mass.) Institution for Savings.

Some banks even go so far as to allow interest if the funds withdrawn are re-deposited the same day. And this would seem to be fair.

For the simple act of closing a book and opening a new one in the same or in another name forms 4 and 5 are helpful. Form 4 of the Chelsea Savings Bank, Norwich, Conn., with stub showing the distribution of interests is especially good. The addition of a name, making the same a joint account, with like privileges to each depositor, which alters, materially, the original contract of deposit, should have a clear-cut order, explicit in its intent, and Form 5 of the Albany Exchange Savings Bank will illustrate this point. The fine print of this order is especially good. It was by a similar order that Mrs. Beeres in the Kelly vs. Beeres case referred to above, changed her accounts and accomplished her very evident purpose that the daughter should have these moneys.

Assignments.

Assignments of books are not to be encouraged. Some banks will not recognize pass book assignments, and still others require that the transaction be made at the bank. Such assignments are frequently made in large cities in real estate and other business transactions, and especially during the closing months of the interest period when to withdraw the funds would sacrifice the accrued interest. Where the period closes, say July 1, and a business transaction is closed on June first, it is more profitable to borrow on the book at six per cent. for one month and on July 1 receive six months' interest at three and one-half or four per cent. Hence many commercial banks accept such security without hesitation. One bank at one period held over $200,000 of such loans, with books scattered all over New York, as security. The form

PORTLAND, ME., Nov. 25 1909

To PORTLAND SAVINGS BANK:

I hereby request and authorise you to make my deposit in your Bank represented by book of deposit No. 36210, subject also to the order and control of Orlando Port, my husband

and to pay to him the full amount due thereon at any time; or, such other and smaller amounts as he, may call for from time to time, and to charge the same to account of said deposit and book No. 36210.

Provided that the authority hereby conferred may be revoked by me at any time, and in any event shall cease upon notice to the Bank of my death

Ellen Port

Witness

Bertha Port

Form 7.—Order for altering the form of pass book. Portland (Me.) Savings Bank.

used by the Corn Exchange Bank of New York, is quite complete, and is worthy of wide adoption. Where the transaction is between a depositor and a bank of discount the risk is nil, but when made between private parties,

there is room for gross frauds, not only on the bank but upon the assignee.

The instance cited in the February BANKERS MAGAZINE (page 229) in connection with deposits by check will bear repeating in connection with assignments. A depositor opened a book with a check. The fact that the deposit was under restriction was not known to the victim (whether the entry was stamped "Check" or not is not known to the writer) but at any rate the book was duly assigned for value and presented for payment at the bank. when the innocent holder was informed that the check had been returned un-

In Consideration of the sum of Fifty Dollars, to me in hand paid, the receipt whereof is hereby acknowledged, I do hereby assign, set over, transfer, and deliver to W. J. Bryan of Sea Cliff State of New Jersey, all my right, title and interest as Beneficiary of the Estate of Moses Altgood in and to all moneys now on deposit in the name of the said Moses Altgood late of Long Branch in the Hoboken Bank for Savings, in the City of Hoboken, N. J., and represented by Bank Book No. 88.888 of said Bank.

Dated at Long Branch this fifth day of August 1909

STATE OF New Jersey }
COUNTY OF Essex } ss

Lillian Altgood (L. S.)

On this Fifth day of August of 1909 before me came Lillian Altgood known to me and to me known to be the person described in and who executed the foregoing instrument, and acknowledged that She executed the same for the purposes therein set forth.

Seal of Notary.

P. A. Notary

Notary or Commissioner must attach Certificate of his appointment.

Form 8.—Transfer of beneficial interest in savings bank account by assignment. Hoboken (N. J.) Bank for Savings.

City Institution for Savings.

Lowell, Mass., Mch 10 1910

To the Treasurer:

Sir: For value received I hereby transfer, assign, and set over to Pauline Fischer all my rights, title, and interest in Book No. 35,757

Witness: O. B. Fischer

B. B. Small

Form 9.—Transfer of book by assignment. City Institution for Savings, Lowell, Mass.

CHARLESTOWN, Oct 10. 09

For Value Received, *I hereby assign, transfer and set over unto* J. D. Johnson *Deposit Book No.* 18787 *issued by the* CHARLESTOWN FIVE CENTS SAVINGS BANK *to* myself *together with all moneys now due thereon, subject to the By-Laws of said Bank.*

Signed and sealed Oct 10. 09

in presence of E. T. Swift } W. J. Brandon

Form 10.—Transfer of savings bank account by assignment. Charlestown (Mass.) Five Cents Savings Bank.

paid, and the book was therefore void. But it can easily be seen that litigation might have been the result, as a pass book had been issued showing a credit which would not be honored and an innocent party had been victimized. Hence the rule and by-law that no assignment will be recognized unless made under stipulated conditions. And also that check deposits should be credited with extreme care, and due precaution taken against fraudulent use of the book, as indicated in a preceding number.

This matter of assignments presents one or two fine points of law, upon which the cases in the courts are not over-numerous. Whether or no a savings bank may make a rule that *no pass book can be assigned,* or will not recognize any assignment, does not seem to have been judicially determined, at least in New York. But a pass book, being evidence of ownership, while not negotiable, is doubtless assignable like any other evidence of debt. But since a bank may make reasonable rules for its protection, it is probably true that the courts would sustain a by-law to the effect that notice of assignments must be given the bank. And this for the same reason that stock in corporations, while transferable from hand to hand, is not binding upon the corporation unless duly endorsed upon the records of the corporation.

Where, however, the assignment, through fraud, is for more than the book calls for, the assignee would take no better title to the funds than had his principal, and could only claim that which was due the depositor. He could, however, if obstreperous, make trouble for the bank, and the free transfer of such books is not, and should not be encouraged. But many banks provide for such transfers by proper blanks. A simple form will be found

New York City, Mch 15 10

The Security Sav. Bank

of New York *will please pay to* **The Corn Exchange Bank,** *or order, the sum of* One hundred *Dollars, named in the within assignment, and charge to Book No.* 376789

$ 100—

A. Bankman

Form 11a.—Order on savings bank accompanied by assignment of bank book (Form 11b). Corn Exchange Bank, New York.

2726

New York, March 15, 1910

For Value Received, I *hereby assign to* **The Corn Exchange Bank,** *the sum of* One hundred — *Dollars, due by the* Security Savings Bank of New York *as shown by Pass Book No.* 376,789 *of said* Security Sav. Bank *delivered herewith, with authority to demand and to receive said sum and to receipt therefor.*

$100/

A. Bankman

Witness

B. A. Tellers

Form 11b.—Reverse of Form 11a. Assignment of savings bank pass book. Corn Exchange Bank, New York.

The Corn Exchange Bank,

New York, March 15 1910

To Security Sav. Bank

Please take notice that we hold Pass Book No. 376.789 *of your institution in name of* A. Bankman *with assignment and check for $* 100 – *as collateral on loan made with us.*

We will notify you when loan has been paid.

THE CORN EXCHANGE BANK.

Specimen signature of depositor.

A. Bankman

S. S. Smith *Manager.*

Hastings BRANCH.

IF SPECIMEN SIGNATURE DOES NOT AGREE WITH RECORDED SIGNATURE OF DEPOSITOR, KINDLY NOTIFY US AT ONCE AT OUR EXPENSE.

Form 11c.—Notice to savings bank that pass book is held under assignment. Corn Exchange Bank, New York.

New York, March 15 1911

To Security Sav. Bank

Please take notice that loan made by us with Pass Book No. 376.789 *of your institution in name of* A. Bankman *as collateral, has been paid and we desire to withdraw notice of* Mch. 15. 1910

THE CORN EXCHANGE BANK.

S. S. Smith *Manager.*

Hastings BRANCH.

Form 11d.—Notice to savings bank that loan has been paid and book returned to owner. Corn Exchange Bank, New York.

in Forms 9 and 10, while a more complete one will be found in No. 8.

Deceased Persons.

Accounts of deceased persons are attended with somewhat elaborate ceremony. The contract of the bank is to pay "the legal representative," and who the duly authenticated legal representative is, must be "duly" ascertained. Where the amount involved is small, the custom, more or less general, is to reimburse the family for burial expenses, etc., and in such cases proof of death, proper releases, etc., are required. In New York, all savings bank accounts are subject to the inheritance tax law, and the consent of the State Comptroller must be obtained before making payment. But this is such a lengthy and important subject that it is reserved for extensive treatment at a later date. Suffice for the present to give the rules of the Union Dime Savings Bank, which appear on the back of the order used in such cases, giving the procedure required. This is typical of the custom prevailing in the New York savings banks:

Requirements for Transferring the Account of a Deceased Person.

1. The pass-book.
2. Certificate of appointment of executors or administrators. If not known at the bank, their signatures should be endorsed on the certificate and verified by a bank officer or notary public.
3. Waiver from the State Comptroller as to tax. In New York City apply to his attorney, Edward H. Fallows, 170 Broadway. We can obtain the waiver, but it may take a few days longer.
4. This transfer blank signed by the administrator or executor at the word "Signature."
5. Specimen signatures of executors or administrators on Form A, for attaching to our books.
6. Please state how many names are required for drawing.

Requirements for Transferring a Trust Account to the Beneficiary.

1. The pass-book.
2. This transfer blank signed at the word "Signature,"
   (*a*) by the trustee, if living;
   (*b*) if deceased, by the beneficiary.
3. In case of death of the trustee, a death certificate from the public authorities, or other satisfactory evidence of death.
4. Specimen signatures properly identified of the beneficiary on Form A, for attaching to our books and cards.
5. The trustee can transfer the account *only* to the beneficiary originally named.

BOSTON'S BIG TRUST COMPANY MERGER.

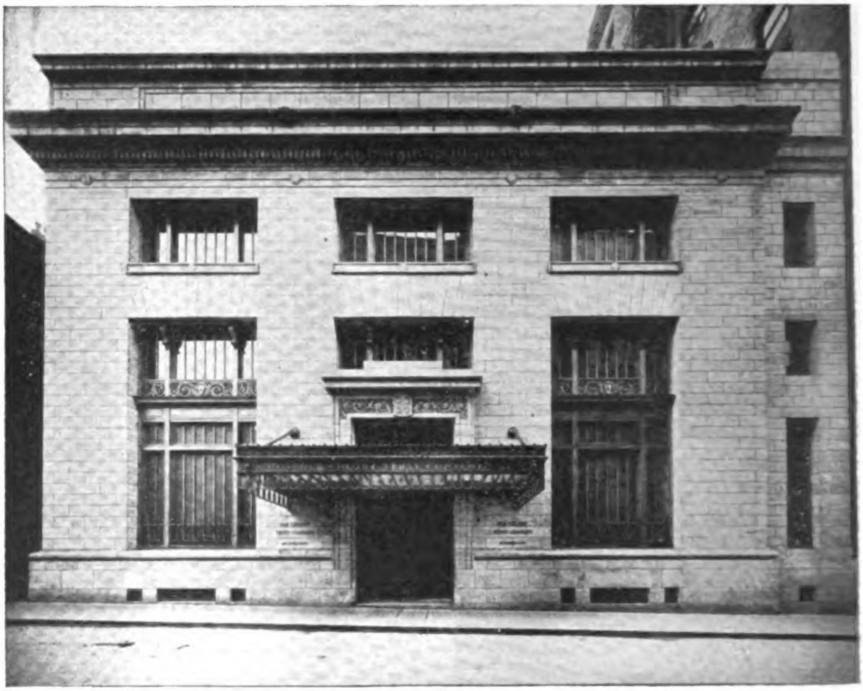
IN line with the important merger of trust companies which took place in New York early in the year, Boston has had a similar consolidation recently, which is likely to have an important bearing upon the business interests of the city and New England.

The Old Colony Trust Company and the City Trust Company came together on February 21, retaining the name of the Old Colony, but adopting some of the policies of the City Trust Company, which have made it one of the most prosperous and rapidly growing trust companies in the country. The Old Colony also takes for its president, Philip Stockton, who as president of the City Trust Company, contributed so much to the growth and prosperity of that institution.

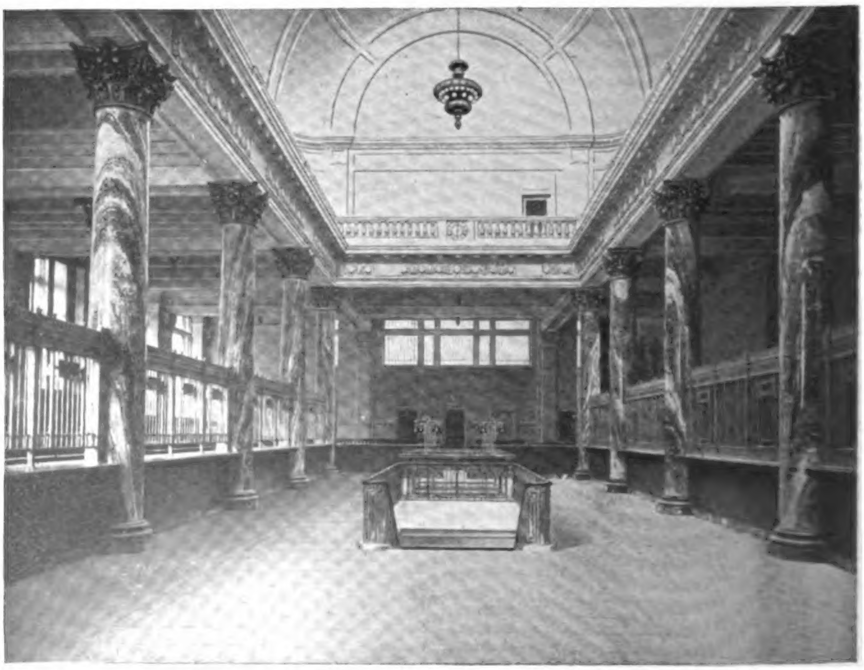
There has been much idle talk in Boston as to the meaning of this merger and its relation to various banking houses and national banks. It may be said, however, that the Old Colony Trust Company, as at present organized, stands for itself alone and the interests of its depositors and patrons, which means the great business interests of Boston and New England.

The Old Colony Trust Company has been a wonderfully successful and well managed institution, but its policies, while eminently safe and proper, have not been as helpful to business enterprise and progress as those of the City Trust Company, which some time ago adopted a winning policy of aiding the local business man wherever it could without prejudicing sound banking requirements.

It can easily be seen, therefore, how this greater institution, with resources of more than $70,000,000, with this broader policy in force and the men at the head with the necessary ability and willingness to help, can be a powerful aid to the movement to ad-



Recently Completed Building of the Old Colony Trust Co., Boston.



Main Banking Room, Old Colony Trust Co., Boston.

vance New England's business interests, which just now appears to be taking definite shape.

Philip Stockton, who becomes president of the enlarged institution at the age of thirty-five, has had a remarkably successful banking career. He was born in 1874 and is the son of Howard Stockton, actuary of the Massachusetts Hospital Life Insurance Company and formerly president of the American Bell Telephone Company and treasurer of the Cocheco and Merrimack Manufacturing Companies. He was graduated from Harvard with the class of '96 and from the Institute of Technology in 1899, with the degree of civil engineer. He began work in the Merrimack Mills, became treasurer of the Lowell Bleachery, and, contrary to the usual method, began his banking career at the top, becoming president of the City Trust Company at its inception, February 10, 1902. Mr. Stockton is a director of the National Bank of Commerce, Winthrop National Bank, Provident Institution for Savings, Beacon Trust Company, Cambridge Trust Company, and of many manufacturing and business corporations. He is popular in business circles, a highly successful organizer and has always commanded the hearty co-operation and energetic assistance of his directors.

The Old Colony Trust Company began business June 16, 1890, and paid its first dividend of three per cent. in the following December. Since that time its earnings have been as high as fifty per cent. in one year, and by January 31, 1910, its accumulated surplus was over $6,500,000, and it had over 17,000 depositors.

The City Trust Company was organized in 1902 with a capital of $1,000,000 and surplus of a like amount. The initial dividend was eight per cent., increased in 1906 to twelve per cent., and the merger found it with a surplus of $3,000,000 and $26,000,000 of deposits, a mark which it attained in an incredibly short time.

The two companies came together on a basis of five shares of City Trust to three shares of Old Colony, an arrangement eminently fair to all stockholders.

The combined institution is fortunate in having for its home the spacious building only recently completed and occupied by the Old Colony, in which ample facilities were ready for the staff and equipment of the enlarged institution. This building, which represents an investment of $1,500,000, is a dignified and handsome structure, in the construction of which no expense has been spared to provide every modern facility for the prompt and convenient despatch of business. The safe deposit vaults in the basement are among the largest and finest in the country.

The merger of the Old Colony and City Trust Companies means the strengthening of all the modern trust company departments as existing in both institutions. Each has been conspicuously successful in certain specialized lines and each has recognized the perfection to which the other had carried these particular departments, which include the care of estates, reorganization and transfer, certification of municipal bonds and notes, safe deposit, etc., each with an expert at its head and a competent staff of assistants.

The principal depositaries of the new institution will be the National Shawmut Bank, the First National Bank and the National Bank of Commerce.

The Old Colony now ranks as the fifth largest trust company in the United States, being exceeded in the amount of its deposits only by four New York trust companies, the Guaranty Trust, Farmers Loan & Trust, Central Trust and United States Trust Companies. This gives Boston the fifth largest trust company and the fourth largest bank in the country.

The official staff of the reorganized Old Colony Trust Company includes T. Jefferson Coolidge, Jr., as chairman of the executive committee; Gordon Abbott, chairman of the board of directors, and Francis R. Hart, vice-chairman of the board of directors.

These gentlemen have been the conspicuous factors in the development of the company to its present important position.

The other officers, besides Philip Stockton, president, are Wallace B. Donham, Arthur Adams and J. R. Wakefield, vice-presidents; Frederic G. Pousland, treasurer; E. Elmer Foye, manager credit department; George W. Grant, cashier, and Chester B. Humphrey, secretary.

The board of directors, which, as will be seen, embraces representatives of all branches of industry and finance in Boston, includes: Gordon Abbott, chairman; Francis R. Hart, vice-chairman; Charles F. Adams, 2d, Oliver Ames, F. Lothrop Ames, C. W. Amory, Charles F. Ayer, Samuel Carr, B. P. Cheney, T. Jefferson Coolidge, T. Jefferson Coolidge, Jr., Charles E. Cotting, Alvah Crocker, Philip Y. DeNormandie, Philip Dexter, George A. Draper, Frederic C. Dumaine, William Endicott, Jr., Wilmot R. Evans, Frederick P. Fish, Reginald Foster, George P. Gardner, E. Farnham Greene, Robert F. Herrick, Henry S. Howe, Walter Hunnewell, Henry C. Jackson, George E. Keith, Gardner M. Lane, Thomas L. Livermore, Arthur Lyman, Charles S. Mellen, Lawrence Minot, Maxwell Norman, Richard Olney, Robert T. Paine, 2d, Henry Parkman, Andrew W. Preston, Richard S. Russell, Philip L. Saltonstall, Herbert M. Sears, Quincy A. Shaw, Howard Stockton, Philip Stockton, Charles A. Stone, Galen L. Stone, Nathaniel Thayer, Lucius Tuttle, H. O. Underwood, Eliot Wadsworth, Stephen M. Weld, Sidney W. Winslow and Charles W. Whittier.

Officers' Quarters, Old Colony Trust Co., Boston.

Directors' Room, Old Colony Trust Co., Boston.

THE BANK OF FRANCE IN 1909.

THE annual report of the Bank of France on the operations for 1909 tells a remarkable story of strength and power. Governor Pallain, speaking of general market conditions, including the violent speculation in this country and the advance of the Bank of England rate within two weeks from two and one-half per cent. to five per cent., declares:

"As to ourselves, the condition of the exchanges and the importance of our metallic reserves relieved us from recourse to such defensive measures. At the same time, in view of the interrelation and unity between all great markets, prudence required foresight and alertness in order to resist the reaction of these events. This is why it was considered proper to pursue again the monetary policy inaugurated several years ago by the Bank of France and practiced whenever it has been necessary. This monetary policy has for its object, in the interest of our national commerce, of our industry and of our agriculture, of giving as much stability as possible to the condition of the exchanges, not only in France, but on the great controlling markets of the world. * * * We have accordingly invested a part of our resources in paper payable upon the London market and have thus protected our country in advance against the risk of the dearness of money, which in our very favorable economic situation would have been entirely unjustifiable."

The fact that the economic activity which was checked in 1907 has been partly resumed is indicated by the increase of the gross operations of the bank by the sum of 446,620,400 francs, making the operations for 1909 22,197,878,200 francs, exclusive of the large amounts handled for the Treasury.

The fluctuations of the metallic reserve during the year were comparatively small. The maximum attained by the gold holdings of the bank was 3,713,700,000 francs ($716,746,000), the highest point ever attained in the history of the bank. The gold held on December 31, 1909, was 3,487,000,000 francs ($673,000,000), and the silver, 873,200,000 francs. The silver, which steadily increased up to 1895, has continued to decrease in recent years. The maximum of 1895 was 1,262,000,000 francs, which had fallen in 1900 to 1,158,200,000 francs; in 1905, to 1,113,300,000 francs; and in 1907, to 998,500,000 francs. The amount at the close of 1909 was only 873,200,000 francs ($168,500,000). So rapid has been the accumulation of gold that while the average circulation increased 226,484,700 francs ($43,700,000) over 1908, and stood for 1909 at 5,079,925,300 francs, the productive part not covered by metal was only 10.94 per cent. of the total in 1909, as compared with 18.48 per cent. for 1908.

The amount of discounts for 1909 was 21,524,972 pieces, of a value of 12,336,372,800 francs. The average value per piece was 573 francs, against 586 francs in 1908, and the average maturity was 22.53 days, as compared with 25.65 days for 1908.

Resources like this permitted the maintenance throughout the year of a discount rate of three per cent., while five per cent. prevailed part of the time at London and six changes were made during the year. A table is printed in the report, throwing a striking light on this stability of the discount rate, which has been changed at the Bank of France only ten times for the eleven years ending with 1909, while it has been changed eighteen times in Austria, twenty-four times in The Netherlands, twenty-seven times in Belgium, fifty-one times in Germany, and sixty times in England.

The bank has fulfilled five years ahead of time the requirement of the

law of 1897 extending the charter, that it should create fifteen additional bureaux before 1914. The bank has gone much further than this, however, in endeavoring to place its resources at the command of French commerce. The total number of banking offices of different types is now 503, where at the time of the renewal of the charter, in 1897, it was only 261 and that act contemplated an ultimate total of only 317. The number of shareholders of the bank on December 31 last was 32,544, of which 18,133 did not possess more than two shares each and only 112 possessed more than one hundred shares each. The aim of the bank is thus summed up in the concluding paragraph of M. Pallain's report:

"We have sought as far as possible to perfect our methods, to extend our rôle, and to respond in a word, as far as is permitted to a bank of issue, to the confidence shown in us by commerce, industry and agriculture. It is thus that the bank becomes from day to day a more intimate co-laborer with them in the great work of expansion which they are accomplishing at home and abroad."

A MORTGAGE BANK IN BRAZIL.

THE experiment of a large mortgage bank, issuing mortgage bonds upon the security of the loans made, is about to be tried upon a large scale in Brazil. The institution is to be known as the "*Crédit Foncier du Brésil,*" on the model of the "*Crédit Foncier de France.*" The capital for the institution has been found abroad, to the amount of 12,500,000 francs ($2,412,500), under the auspices of the Spanish Bank of the River Plate, the Commercial and Industrial Society of Paris, and the Central Corporation of French Provincial Bankers. Subscriptions are being received at the rate of 477.50 for bonds of 500 francs, paying five per cent., payable on January 1 and July 1 of each year, subject to the deduction of the French taxes and redeemable at a maximum term of fifty years, beginning with 1915.

The new institution was authorized to operate in Brazil by decree of August 1, 1907. The fact that it was a French corporation, but subject to Brazilian law, required negotiations which delayed the opening, but the institution is now ready to begin operations. The securities issued will be divided, as in France, into two classes,—land mortgages and municipal obligations,—but it is also proposed, by means of an agreement with the Brazilian Government, to make loans to the Federal Union, to the States and to the municipalities, each class of obligation to have a special claim upon the loans made with its proceeds. The Brazilian law authorizing the company provides for the immediate disposition of property where there is default in payments to the "*Crédit Foncier.*" In disposing of the property the institution is relieved from any new valuation, but may use that which served as the basis for the loan. The company is also authorized to seize the property and operate it, with a prior right over claims of third parties or of the owner.

While the system of land mortgage banks is well established in Europe, it is exposed to some uncertainties in a country where land values have not become comparatively stable. A hopeful view of the outlook for the "*Crédit Foncier du Brésil*" is taken, however, in the analysis of the project given in the "*Moniteur des Intérets Matériels*" of January 21 last. It is declared that in a new country with an exceptional future, where the population has increased from 14,000,000, in 1890, to 20,000,000, in 1907, over an area representing sixteen times that of France, and where the need of considerable capital is keenly felt for developing the enormous riches which exist in a latent state, a great organism of real estate credit is a necessity. It is this gap which the "*Crédit Foncier*" is expected to fill by reason of the authority it possesses to establish branches as rapidly as they are required. A favorable aspect of the situation, from the standpoint of the bank, is the high rates of interest which are obtained in the southern re-

public. Loans on first mortgage on the best located properties of Rio de Janeiro and the capitals of the States are made at a rate of interest varying from nine to twelve per cent. These high rates of return correspond to rentals and to rates for money for other purposes, so that an average rate of ten per cent. is confidently counted upon by the new institution. The significant fact is pointed out, however, that it is the improvement in the monetary situation which has contributed to make it possible to invest a large amount of foreign capital in Brazil without risk of loss.

DEFAULTED LOANS IN LATIN AMERICA.

AN interesting summary of the status of loans which are in default or in arrears in Latin-American countries is made by the "London Economist" of February 19 last, based upon the annual report of the Corporation of Foreign Bondholders. Ecuador is treated as the worst offender, in having violated the contract made in 1908 between the government and the holders of Guayaquil and Quito railway bonds to create a deposit found for the benefit of the railway. The order for the deposits was given by the government with a great flourish of trumpets, but they soon began to diminish and then ceased altogether.

Some up-to-date information is given in regard to the failure of the attempted arrangement between Costa Rica and the National City Bank of New York and in regard to the status of the arrangement between Honduras and J. P. Morgan & Company. After referring to the failure thus far of any definite arrangement to refund the debt of Guatemala, the "Economist" sums up the report on these matters as follows:

"Other defaulting Republics in the revolutionary zone are content to continue in the ancient way, allowing arrears of debt to accumulate without a struggle, whilst they devote all their energies to internal dissensions. Of these the position of Costa Rica is at present perhaps the worst. It has an external debt of £2,000,000, and owes £1,050,000 in arrears of interest. The cloud over its finances, which showed at one time signs of lifting, has settled down again. In July the National City Bank of New York entered into a contract for the conversion of the debt on the security of the whole customs duties, but a clause providing for the intervention of the United States in case of default led to its rejection by the Costa Rican Congress. The country has suffered from a decrease in the exports of coffee, and a hurricane has injured the banana crop. The times are, therefore, not very favorable for retrenchment and reform. In one respect, however, the outlook for the foreign bondholders has brightened a little. According to President Viquez, the real obstacle to settlement has been that without an export tax on bananas the Treasury would not bind itself to maintain the service of the debt. Congress has now imposed that tax as from October 29. It has not, as it was asked, assigned the new tax to the service of the debt, but it is to be hoped that the incoming government will remember President Viquez' intentions, and take this opportunity of doing something to redeem the financial reputation of the country.

"Honduras, with its external debt of £5,398,570, and its debt for arrears of interest of £17,071,940, is the biggest defaulter on the list; but the scheme of settlement which is now being carried through by J. P. Morgan and Co. has brought it that relief for which Costa Rica must still wait. The bondholders are getting only three shillings in the pound, with arrears of interest, but the debt has been accumulating since 1873, and as the Corporation truly says, a little cash is equal to a much larger amount in Honduranean promises."

It is declared by the London publication that the disposition of the United States to take increased interest in the public finances of the smaller republics "has now developed from an unconscious tendency into a deliberate policy." After referring to some utter-

ances of President Taft, it is declared by the "Economist":

"In these words we may see the diplomatic statement of a practical intention to increase the financial control over the irresponsible governments, and to exercise it in the interests in the first place, no doubt, of order and financial probity, but in the second, of the United States. At least, public opinion is entitled to expect that it will be probity first. It might feel a little more confident had not the United States Government given its support to those contracts under which the Government of Guatemala has alienated the bondholders' securities to an American syndicate. In general however, the increasing interest taken by the United States Government in the settlement of the ruined finances of these Republics cannot but brighten the prospect for the bondholders. The settlement in Honduras, and that which has been attempted in Costa Rica, are, on the whole, favorable. In Nicaragua also a voluntary conversion of the outstanding railway loan of 1886 has been carried through by means of a new loan of £1,250,000, secured upon the customs duties and other guarantees. The fair prospects of the settlement have, however, unfortunately been marred by the outbreak of a revolution against the Government of General Zelaya, which is still proceeding in spite of the active intervention of the United States."

LONDON BANKING PROFITS.

THE London banks appear to have done a trifle better in the closing half of the year 1909 than the earlier half. The profit margin,—that is, the difference between the rate of allowances on deposits and the market rate of discounts,—did not show much improvement; but the rates themselves were higher, which is an important consideration, in view of the considerable amount of balances on which no interest is paid. The largest of the metropolitan banks with country branches is the London City & Midland, which at the close of 1909 had resources of £82-513,000, and showed net profits for the half year of £372,700. The Union of London & Smiths ranked next, with resources of £47,005,000 and profits for the half year of £217,400.

The amount paid out by the reporting banks for interest,—the principal source of expenditure apart from operating expenses,—amounted to £775,900 for the second half of 1909, as compared with £560,100 in the second half of 1908. This was an increase of 38.5 per cent., but, it is declared by the "London Economist" of February 19 last, that, as the rate of allowance on deposits was nearly doubled, being £1 19s. 7d., against £1, it would appear that the amount held at interest had materially decreased. The amounts paid for expenses have decreased, but comparison is rendered difficult by the changes taking place in the banks themselves, and also by changes in their methods of rendering their balance-sheets. The total shown in December, 1908, should be reduced by deduction of £184,400, the expenses shown then by Parr's Bank, which does not now quote this item. Making this allowance, the total for December, 1909, would show an increase of £152,500. It must, however, be remembered that the number of offices included in the accounts for 1908 was 3,610, whilst the number involved in December last was 3,964.

In rates of dividend paid the changes are very few. Lloyds Bank again pays only sixteen and one-quarter per cent., as compared with eighteen and three-quarters per cent. twelve months ago, and Barclay's Bank twelve and one-half per cent., against fifteen per cent. formerly. On the other hand, Union and Smiths Bank now again pays a bonus of 1s 6d per share, thus reverting to a practice which had been suspended during the three previous half-years. The London County and Westminster Bank pays dividend at the rate of twenty per cent. per annum upon the capital as rearranged of £3,500,000. So far as the former shareholders in the London and Westminster Bank are

concerned, this compares with the rate of twelve per cent. per annum paid in July last, but as the addition to the capital of the London and County Bank is only £1,500,000, against the London and Westminster Bank's old capital of £2,800,000, the dividend actually distributed on these shares only amounts to £150,000, against the former amount of £168,000.

BANKING CONCENTRATION IN GERMANY.

AN interesting summary of the progress in banking concentration in Germany has been submitted to the State Department by the United States consul at Brunswick, Talbot J. Albert. He says in the reports for February 26 last:

"An interesting table just published in the Bankbeamten Zeitung, the organ of the German Bank Officers' Union, shows that in this process of concentration sixty firms have been consolidated with 38 banks. Two large provincial institutions have considerably extended their business sphere. The Mittel deutsche Privatbank, which originated in a fusion between the Magdeburger Privatbank and Dresdner Bankverein, has also absorbed two private banks.

"Furthermore, the Rheinisch Westfaelische Disconto Gesellschaft, by taking $3,570,000 in shares of the firm of Hardy & Co., of Berlin, has removed to that city. The Berg- and Metallbank, Frankfort-on-the-Main, by entering into a limited partnership with Diedrich Leo & Co., Berlin, has established itself also in the imperial capital.

"The largest number of fusions have been made by the Niederdeutsche Bank of Dortmund, the Magdeburger Bankverein, the Südeutsche Disconto Gesellschaft, and the Württembergische Vereinsbank. A fact of special interest is the establishment by the Deutsche Bank of Berlin of a branch in Constantinople and the taking over by the same bank of the firm of Balser & Co., of Brussels, thereby establishing a branch in that city.

"The increase in capital of twenty-two banks amounted to more than $30,000,000."

IMPROVEMENT IN SPANISH EXCHANGE.

SPAIN is going through somewhat the same process in regard to the value of her currency which was witnessed in this country after the Civil War. Without definite legislation providing for the resumption of gold payments, the country has been allowed to "grow up" to the excessive volume of paper which was afloat at the close of the war with the United States. From a depreciation of nearly fifty per cent., the notes of the Bank of Spain have gradually worked up until the average exchange upon Paris was reduced in 1908 to 113 per cent. and in 1909 to 110 per cent. As the coinage unit of the two countries is the same, this means that 110 pesetas were required on the average during 1909 for the purchase of French bills for 100 francs. The real improvement, however, as pointed out by M. Aupetit, in his monthly summary of financial conditions in the "Revue Économique Internationale" for January, is greater at the present time than the average of the year. Exchange at the close of December, 1908, was 111.40, and had fallen on December 31, 1909, to 107.72. A still further improvement to 107.06 took place during January.

It is declared by M. Aupetit that exchange transactions have been provided sufficiently for normal sources, so that the intervention of the government has not assumed an exceptional importance. The amount of gold received for customs during 1909 reached 69,000,000 pesetas ($13,500,000), after devoting 42,000,000 pesetas to the interest on the foreign debt.

This gradual improvement in exchange is considered by careful observers preferable to a too sudden advance, because of the adverse effect which would be exercised by the fall in price upon several industries and upon the opportunity for exportation.

ARTHUR E. STILWELL

President and Builder of the Kansas City, Mexico and Orient lway.

THE STILWELL INTERNATIONAL TRANS-CONTINENTAL RAILROAD.

The Kansas City, Mexico and Orient Fast Nearing Completion, Opening Up a Vast Agricultural Empire in the United States and the Marvelous Mineral Belt of Northern Mexico.

By Landen Gates.

IN a few years more it will be within the realm of accomplishment for two travelers to leave any port on the western coast of Central or South America or Mexico and for one of them to reach Liverpool, or, for that matter, any city in Europe over a week ahead of the other. He will not have to use an airship either to do it, nor will he have at his beck or call any greater conveniences in the form of comfort or speed than is at the command of the other traveler whom he shall have left so far behind.

This will probably strike your readers as an anomaly, and one so out of the ordinary as to arouse curiosity immediately; they will at once want to know what freak of nature or method of traveling makes this possible. This they shall know. There is now under construction a new transcontinental railroad, fast approaching completion, about which until recently but little has appeared in the columns of the newspapers, that will perform this wonder of time saving to travelers.

A Saving of Several Hundred Miles.

This railroad is the Kansas City, Mexico & Orient Railroad, a project, the great importance of which as an economic factor of far-reaching potentialities is as yet very slightly understood and still less appreciated in the United States, whose commercial prosperity it will develop to an immeasurable degree. This road Arthur E. Stilwell is building. As time passes it will become more familiar to the general public as the Stilwell road. It will shorten the distance between the Pacific coast and Kansas City over 400 miles. Here you have the secret. By laying before you a map of the North American continent and then running a lead pencil straight down from the very farthest north latitude

A Long Rock Cut on the Orient in the Sierra Madre Mountains near the Continental Divide.

to the very farthest south latitude, so that it will exactly skirt the harbor of San Francisco, you will notice that the coast line forming the Gulf of California in Mexico

EDWARD DICKINSON
Vice-President and General Manager Kansas City, Mexico and Orient Railway.

is more than 500 miles inside of the coast line of California around San Francisco, and it is here at Topolobampo, Mexico, one of the most magnificent land-locked harbors on the entire Pacific coast, where the Stilwell road will end.

When the Kansas City, Mexico & Orient Railroad is finished, a traveler from the Orient can leave his steamer at Topolobampo, get into a comfortable Pullman car, and be humming over the rails on his way East five hundred miles ahead of the traveler arriving at San Francisco at the same hour, and by the time the man traveling via San Francisco reaches New York, the other man will be on an Atlantic Ocean liner 500 miles nearer his destination.

Who is there who can gainsay that a railroad that can cut the distance of travel by such dimensions and lop off time, not by hours, but by days, has not a brilliant future before it, since it is conceded on all sides that transportation as certainly gravitates towards time as the apple does to the earth?

NOT A PARALLEL LINE.

This is not the only respect in which the Stilwell road is unique. When finished it will be the first Pacific coast road the entire length of which will parallel no other transcontinental line. As a political factor towards cementing peace between two great nations, it will have an important part, as it will be the first railroad of magnitude to indissolubly link the commercial destiny of the United States and the Republic of Mexico. The construction of the Stilwell road has also done away with the cherished belief in important financial circles of the necessity for financial intervention of great underwriting bankers before any railroad of such length in mileage as this road will have, could be built. The Stilwell road

JOHN F. WALLACE
Vice-President Kansas City, Mexico and Orient Railway.

can be classified, and no doubt always will be classified, as a popular railroad, for every dollar of the millions so far invested in it has been raised by a direct appeal to the public.

But the strangest chapter in the history of the Stilwell road is that it is a child of disaster. Its inception sprang directly from a heated contest for control of another railroad built by Mr. Stilwell, and which he lost

ENRIQUE CREEL

Governor of the State of Chihuahua, Mexico, and a Vice-President of the Kansas City, Mexico and Orient Railway.

in a manner none too creditable to the usurpers. I refer to the Kansas City Southern. This road, like Stilwell's present road, was constructed to save time. It ran as straight as a crow could fly from Kansas City southward to Port Arthur, Texas, on the Gulf of Mexico, and when it was first projected there were few people indeed, especially in railroad circles, to concede this railroad a future, as they could not see enough traffic ahead of it in a country the greater part of which barely raised enough to sustain razor-back hogs. Still, Mr. Stilwell had a different idea.. He saw beyond the territory the Kansas City Southern would traverse. It was upon the through freight in cotton, long leaf pine and oil he depended to produce traffic enough to make the operation of the road profitable, and the history of this railroad has vindicated his judgment, and moreover, proved that he builded even wiser than he thought.

In his preliminary estimate of the earning probabilities of the Kansas City Southern, he set $6,000 a mile per annum as his highest figure, an estimate which was at that time generally scoffed at. Was he wrong? Was he an extravagant optimist? Let us judge by railroad statistics. In 1909 the gross earnings of the Kansas City Southern were $10,606 per mile, in 1908 they were $10,591, in 1907 they were $10,908, and since 1905 they were always considerably in excess of his estimate of $6,000 per mile.

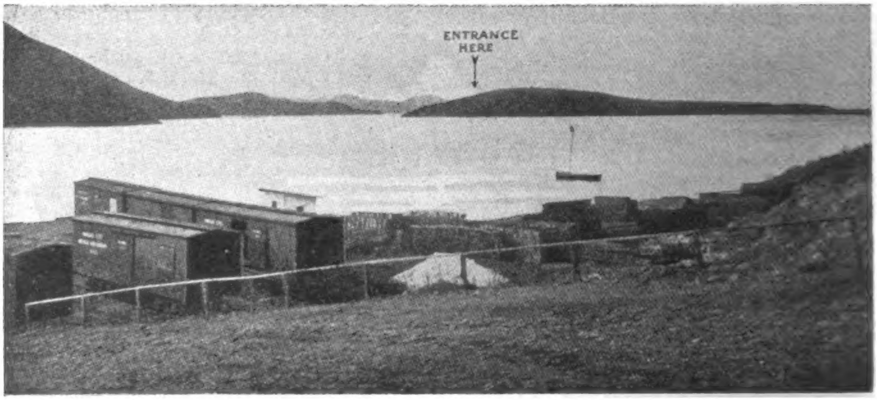
Loss of the Kansas City Southern.

In mentioning the incidents leading up to the loss to Stilwell of the Kansas City Southern, I am not revealing anything in the nature of inside history, but stating facts generally known in Wall Street, although the public is not so familiar with them.

In 1903, a black year for our railroads, as business was at a standstill and the investment market in a stagnant condition, the Kansas City Southern, then the Kansas City, Pittsburg & Gulf, urgently needed money. This was no exception, for in that year there were many other railroads in a similar extremity. A few millions were required to

Stone Culvert, Kilometer 57.

meet current obligations and the proposition was made to President Stilwell, by a director acting as the agent of interests who coveted the Kansas City Southern, to advance the money, provided two additional



Topolobampo Bay.

Terminus of the Kansas City, Mexico and Orient Railway, and a magnificent natural harbor. Land locked, surrounded by hills and mountains, entered through a winding but deep channel, and never rough, this port is destined to be one of the greatest of Western America and will certainly control a large Oriental trade, being almost 400 miles nearer the Eastern United States than is San Francisco.

directors were added to the board, as a concession to those who were putting up the money. Stilwell, all unsuspicious of his danger, acquiesced at once in this arrangement. He only saw the trap set for him when it was too late. The additional directors gave the faction opposed to him a majority, and when next they met they dislodged him from the presidency.

In fear that Mr. Stilwell might secure enough proxies from the stockholders to get back in the saddle again, at the following annual meeting the conspirators threw the Kansas City, Pittsburg & Gulf into bankruptcy, so that they could reorganize it at their leisure, and by the expedient of a voting trust control the road for a period of ten years. This voting trust expired a few years ago. The Kansas City Southern has been making more money since than at any time previously, which does not speak well for the management given the road while the voting trust held sway.

A Picturesque Feature of Country near Bocoyna, Mexico, on the Orient Road.

This disaster in the career of Mr. Stilwell, who was then still a comparatively young man, it was thought would put an end to his activity as a factor in the railroad world. Avowedly it was a blow that would have crushed even stronger willed men. Not so with Mr. Stilwell. It taught him the lesson that there were two things essential in the career of successful railroad men, one the ability to complete a railroad, and the other the ability to hold on to it after it was once finished.

A Vote of Confidence.

The bankers and merchants of Kansas City arranged a banquet in Mr. Stilwell's honor shortly after he had lost the Kansas City, Pittsburg & Gulf, as an expression of their confidence in him. This dinner was in the nature of an ante-mortem affair, at which his loyal friends were prepared, in nicely set speeches, to tell him that notwithstanding his misfortune, the city he had tried to benefit still had implcit faith in his integrity and regarded his ability as highly as ever.

Much to their astonishment their guest, in replying to their good wishes, faced them like a man who felt his loss less than anyone of those assembled to do him honor. Instead of bemoaning his ill luck, he told them that his misfortune was worth all the money and worry it had cost him. "The next rail-

Stone Arch Culvert 6.00 Meter, at Kilometer 77 State of Chihuahua, Mexico.

Steel Bridge across Guerrero River.

road I shall build I will know how to hold on to, and I am at work on one now which will mean more to your city as a commercial centre than has the Kansas City Southern," he said. When they got over their surprise, Mr. Stilwell outlined his plans of building the Kansas City, Mexico & Orient.

This incident is well worth recording here, as it brings out the indomitable will of the man who is responsible for the Kansas City, Mexico & Orient, and it also forcibly indicates his perennial optimism, a most necessary phase in human nature when it comes to constructing a railroad over 1,650 miles long, a task that requires raising a considerable amount of money and interesting a great many people in the project by sheer force of persistency and argument.

The first $500,000 for the new Stilwell road was raised in Kansas City right among the very people who originally helped Stilwell build the Kansas City, Pittsburg & Gulf.

Overcoming Obstacles.

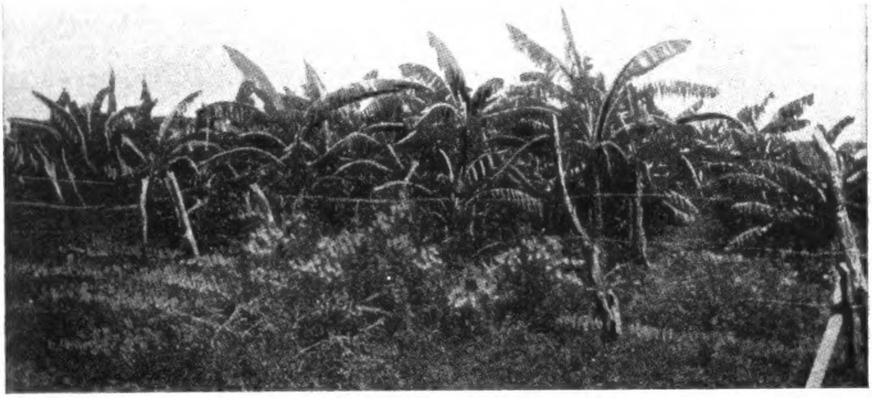
As was the case with the Kansas City, Pittsburg & Gulf, Stilwell was informed on all sides by people who thought they knew the ins and outs of railroad construction, how it was impossible to build the new road. You cannot get over the Sierra Madre Range, these mountains are impassable; such was the substance of their counsel. But a route was found which at no point reached a grade above 2½ per cent., and in accomplishing this engineering feat it has cost the Western Pacific $78,000 per mile, whereas the Stilwell road has been able to break through the heretofore impassible Sierra Madres at a much less cost.

Bridge across the Pichachic Arroyo.

Enlisting Friends in Mexico.

Besides money the new Stilwell road needed friends in Mexico more than anything else. The first man of importance Stilwell approached in our neighboring Republic was Enrique Creel, who was then governor of Chihuahua and later ambassador to the United States. "I want you to join us and help build the Orient, Mr. Creel," he said. "It means as much for the commercial development of your Republic as its success means for those who have joined me in this project." The governor was not slow to see the possibilities of the Stilwell road to his country politically and as a commercial factor, and without hesitation consented to become one of the vice-presidents and invested considerable money in the project. Nor did Governor Creel's enthusiasm end here; he even went further by arranging an interview for Mr. Stilwell with President Diaz, before whom he laid his plans.

Diaz also quickly saw the advantages Mexico would derive from the Kansas City, Mexico & Orient, but hesitated to give the



Banana Grove, Sinaloa.

project his official sanction until he was fully assured it was feasible and could get over the Sierra Madres. Of this he was soon readily convinced by the mass of evidence presented to him by Mr. Stilwell, and from then on the President of Mexico encouraged in every conceivable way the building of the Orient railroad. Not only was the Congress of Mexico induced to grant the new road valuable concessions, but also a subsidy of $3,000,000 in gold. To this subsidy the Mexican States of Sonora and Sinaloa each added a liberal amount. Among the valuable concessions the Mexican Republic granted the Stilwell road was a lease of the harbor of Topolobampo, free of any port taxes for ninety-nine years, a concession of inestimable value, since this harbor is regarded as one of the finest landlocked, deep-water harbors along the entire Mexican coast line on the Pacific Ocean. Another concession was a law prohibiting the building of paralleling railroads within a distance of thirty-three miles on either side, thus doing away with the danger of too close competition, responsible, as we well know, in the early days of American railroad construction for so many financial disasters. Another concession was a law which established the rates the Orient could charge for a period of ninety-nine years. The importance of this measure will be appreciated by us in the United States where we do not know from one year to another what heavy restrictions legislation will lay on our roads.

Through Cut at Kilometer 6.

Confident of Opening up Resources.

Mexico would hardly go to these extremes in encouraging the new Stilwell road were she not confident of it opening up her wonderful resources on the west coast to commerce, but we in the United States were longer in getting around to the appreciative point. Even so astute a railroad builder as was the late E. H. Harriman failed to awake to the possibilities in Mexico until a few years ago, when he entered energetically upon a conquest of her resources through extensions of the Southern Pacific into this territory, extensions which will involve an outlay of over $100,000,000.

A Road Over Sixteen Hundred Miles Long.

When the last spike on the Kansas City, Mexico & Orient shall have been driven, the road will be about 1,659 miles in length between its two termini, Kansas City and Tobolobampo Bay. Then there will be added to our trans-continental railroads an-

other road, but shorter than any of the others which have their beginnings at Kansas City, Chicago, Omaha, St. Louis, New Orleans or St. Paul. The distance from these places to the Pacific coast varies, but in no instance is it less than 2,000 miles. The Orient reduces the distance by over 400 miles from Kansas City. The new road is fast nearing completion. Of the 1,659 miles there is at this time already 867 miles in operation, more than one-half the entire length. The longest section covers a stretch of 510 miles, crossing three States, Kansas, Oklahoma and part of Texas. Another division, 234 miles long, runs east and west of Chihuahua, Mexico, and the third division in Mexico, which is seventy-eight miles long, runs from Tobolobampo to Fuerte.

A Strong Investment Feature.

There is one strong feature in the building of the Orient which is interesting and instructive from the investor's viewpoint, and that is, there is no inflation in its capital or bonded debt per mile. In fact, the road is built on an unusually conservative basis and this should accrue to its benefit as a revenue producer when once it is in perfect running order. The total authorized indebtedness is $22,500 per mile. There is also $20,000 per mile of preferred and $20,000 per mile of common stock. The preferred and common stock have until now been alloted as bonuses with the purchase of bonds, so that to the pioneer investors in the Orient these shares, as they grow in value, will be as so much velvet to them, and considering the results established by the other transcontinental railroads, the prospects for profits are encouraging.

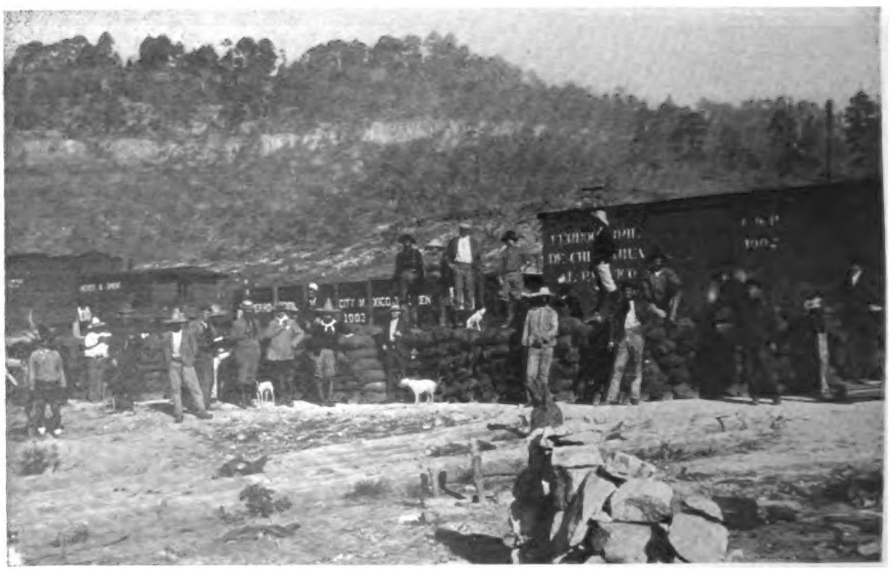
A Remarkable Enhancement.

It is within the memory of the present generation when Atchison common stock could be bought for 7 a share, Great Northern for 44½, Northern Pacific for 3½, Union Pacific for 16⅛, Southern Pacific for 12, and St. Paul for 53⅞. The remarkable enhancement that has occurred in these stocks since has made many a person who was a bull on the United States independently wealthy, and the millionaires who owe their fortunes to these properties can be numbered in the three scores.

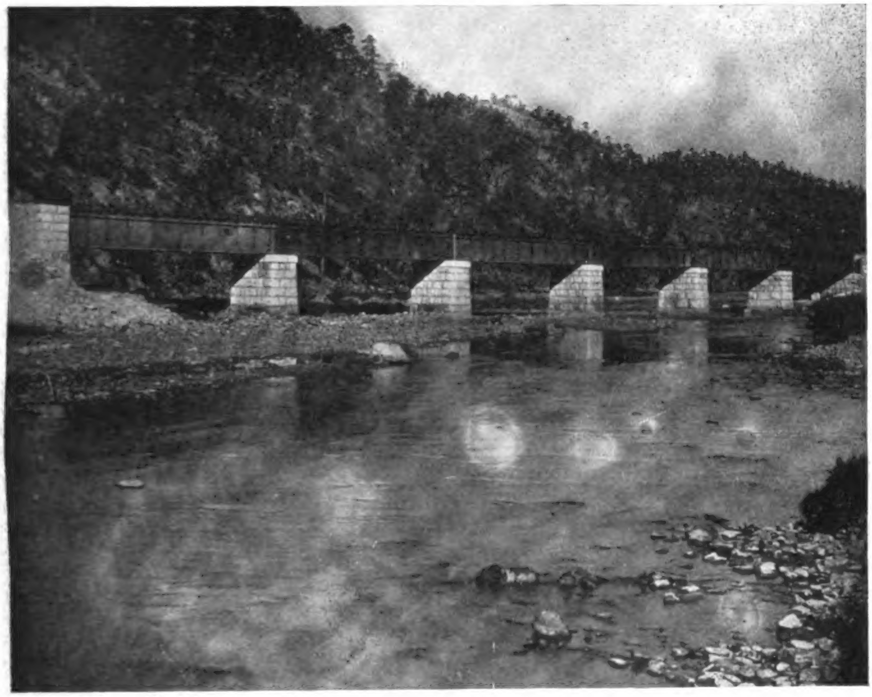
Methods of Construction.

There are two construction companies building the Orient Railroad, the Union Construction Company, operating in the United States, and the International Construction Company, operating in part in Texas and in Mexico. The Orient pays to each of them for construction $15,000 per mile in bonds, $16,000 per mile in preferred stock and $12,500 per mile in common stock. Slightly more is paid for mountain work. It will still have in its treasury after the line is completed $7,500 per mile in bonds, $4,000 per mile in preferred and $7,500 per mile in common stock, with which to raise capital for sidings and equipment as they are required.

One of the most pronounced peculiarities about the Orient, making it stand out distinctly in contrast to other Pacific railroads, is that, as already pointed out, it parallels none of them, but of those it does touch, it



Shipping Zinc and Copper Ore from the Rich Mineral Belt traversed by the Orient Railway.



Bridge across Bocoyna River at Kilometer 93.

crosses them at right angles, causing each one of them to become feeders of traffic at no expense to the Orient. It does this with the Atchison at San Angelo, Texas; with the Colorado & Southern at Chillicothe, Texas; with the Texas & Pacific at Sweetwater; with the Rock Island at Arapahoe, and with the Southern Pacific at Alpine. By intersecting all of its principal competitors it makes them pay tribute.

Then there is another favorable factor, which will play largely in the hands of the Orient, and that is for the entire length of the line it has no snow to fight. It has cost the Great Northern, Canadian Pacific and Northern Pacific this last winter more money to fight inclement weather than the total fixed charges on the entire Orient will amount to in a year. The Orient likewise crosses no deserts, and is, therefore, saved long stretches of hauls which produce no freight and have no population to help carry the expenses of operating railroads.

Can Fixed Charges be Earned?

Can the Orient earn its fixed charges? Therein is the crux of the situation, for a railroad which falls short of meeting interest requirements is always dangerously on the point of inviting a receiver to come around and take charge of its affairs. The stockholders, who are but partners in the prosperity or vicissitudes of a corporation, can and necessarily must, wait for their profits, but not so with the creditors, who are the bondholders, they must have their interest promptly on the day it falls due, and default invariably means financial difficulties.

Considered from the point of capitalization, only a great calamity in form of a national disaster, it seems, could prevent the Orient from earning its fixed charges, which will amount to not more than $900 per mile per annum, when all the bonds authorized are outstanding. These fixed charges are from $222 per mile to $1,400 per mile less than each of the other five transcontinental lines.

The Western Pacific, the new Gould road from Salt Lake City, Utah, to San Francisco, whose five per cent. bonds guaranteed by the Denver & Rio Grande Railroad, are very popular among investors and highly recommended by conservative banking houses, and which has just been completed, will have to earn approximately $3,800 net per mile per annum, to meet its fixed charges. This is more than four times the Orient's interest obligations. The fixed charges of the Atchison are approximately $1,783 per mile, those of the Northern Pacific $1,778, Union Pacific $2,534, Southern Pacific $2,281, and Great Northern $2,273 per mile.. Reduced to very bed rock in figuring, all that is required for each mile of road to earn in net

profit is $3 a day, to provide for the Orient's fixed charges, and a railroad that cannot earn so small a profit has no logical reason to exist.

On 639 miles of the Orient in Mexico the rates on local traffic cannot be disturbed for ninety-nine years, for as already explained, they have been fixed by legislation by the Republic of Mexico. Furthermore, they are higher than can be charged by our own transcontinental railroads. Both passenger and freight tariffs are covered by this act. No civil service commissions hang over the road like grim ogres to keep the management in a constant state of apprehension, nor will any reports be called for during this term of years.

Moreover, the new Stilwell road will have sources of revenue which will amount to a considerable sum as the years pass, other than those springing directly from passenger and freight traffic—such as valuable concessions from the Mexican Government of timber and mineral lands, while in the United States many counties, to encourage the construction of the road, have not only subscribed generously to the bonds, but also voted the road free rights of way, and location for township lots, which, when sold, will in themselves bring a large amount of cash into its treasury. These gifts on the part of an appreciative government or community have quite frequently developed into rich finds for a railroad, as experience has often proven. The land grant bestowed by the Canadian Government to the Canadian Pacific, a vast domain in itself, and which is now being gradually parceled out to the settlers, is the hidden pot of gold out of which today the Canadian Pacific is distributing extra dividends to its shareholders. The Southern Pacific and Union Pacific were equally the beneficiaries of land grants from a generous government, as were other American roads, but as far as our country is concerned the days of large subsidies have passed.

A View of the Long Leaf Yellow Pine on the Orient Road at San Juanito, Mexico. The Line passes through 200 Miles of Pine Timber Land.

When this railroad is finally finished, it will have a decided effect on transcontinental traffic, due to the time and distance which it will shorten. Already a traffic alliance has been made with the Chicago & Alton, whereby through train service from Chicago to the Pacific Ocean will be established.

The Hamburg-American Steamship Line has also made a contract with the Orient line for a complete steamship service from Topolobampo Bay to the Orient while another steamship line will probably run to Central and South Ameri-

Tie Cutting Camp on the Orient.

can ports on the Pacific Ocean. However, what will prove of greater importance to the new line will be the favorable location of its Pacific coast terminal in relation to the enormous shipping which will pass through the Panama Canal. The steamers which in constant procession will use this new gateway to the Pacific will be compelled to coal somewhere before they will be enabled to leave the American shore behind, and as Topolobampo Bay is 1,250 miles nearer than San Francisco and coal can be purchased there for about $4 a ton cheaper and put aboard direct from the docks without the intervention of lighters, this port, purely because of economical reasons, will be favored above other harbors on the Pacific coast.

A Large Revenue from Cotton.

The new line should also get a large revenue from cotton, the South's principal staple. By shipping cotton over the Orient, either from Galveston or New Orleans via Alpine Pass, the consignee will save the difference on 700 miles, for which he heretofore has paid to send it to the Orient, either by way of San Francisco or Seattle.

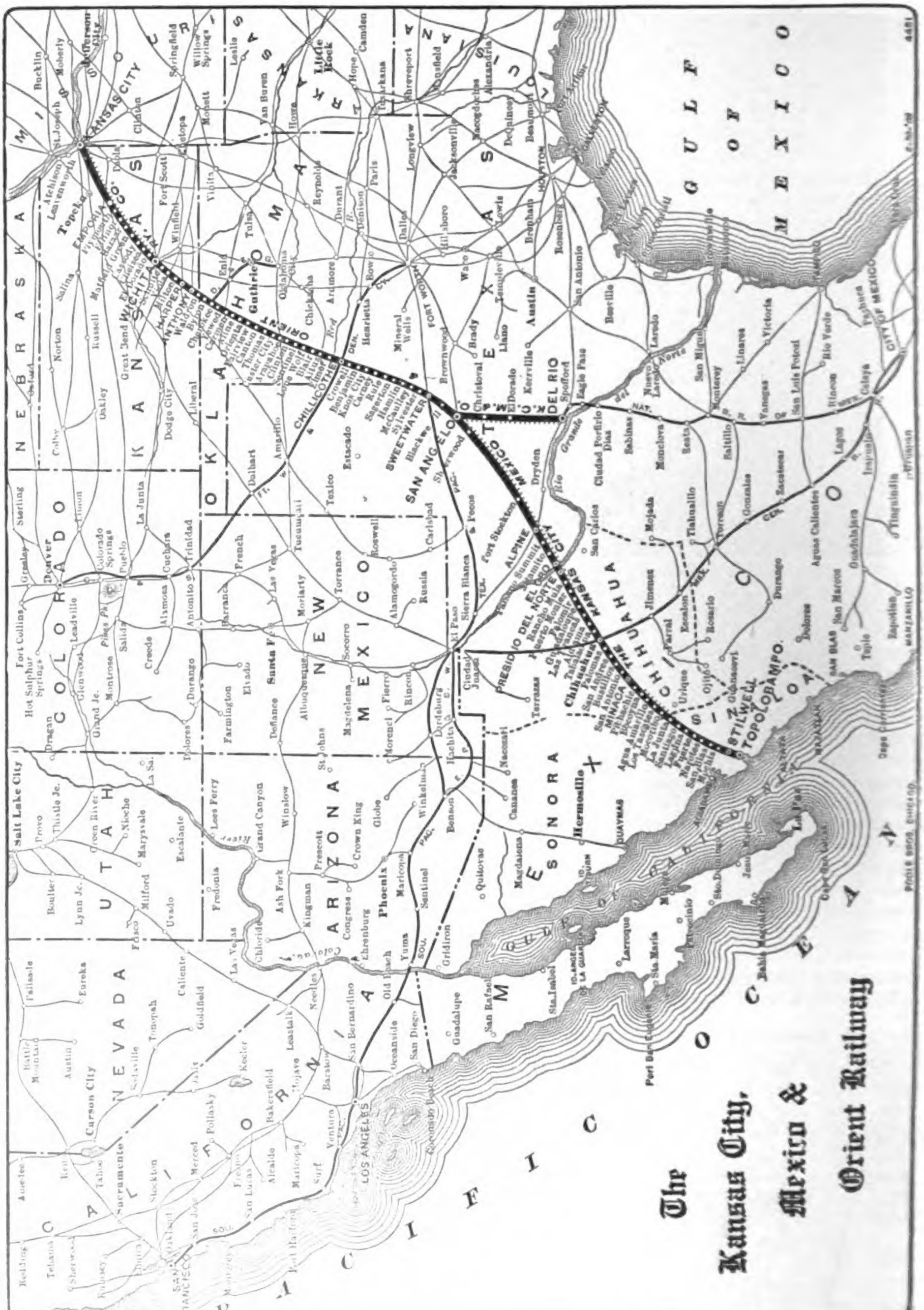
An extension of 170 miles from the main line at San Angelo, Texas, south to Del Rio, will establish at this point a connection with the National Railway of Mexico, and a direct and short line from Kansas City to the City of Mexico. Not only will the Kansas City, Mexico & Orient then be a great east and west line, but an important north and south line as well.

With the Orient completed into Chihuahua, Mexico the haul from many points east and west of this city directly into Kansas City will be shortened several hundred miles, which is all important to the principal shipments in this section of Mexico, which consist principally of cattle, minerals, hides, timber and fruit. In minerals alone it is estimated that nearly $10,000,000 will be taken out of Chihuahua and Sonora this year. In these two States and abutting the Orient on both sides is situated the richest mineralized section in the world.

A Rich Mineral Section.

There has been taken out of this mineral belt during the past 300 years and all within a radius of thirty miles of the Orient's right of way across the State of Chihuahua, silver equalling one-third the present coined silver of the world, and all this silver, as well as other minerals, has until recently been taken out on mule back, as there has never been a railroad through this section. This great and rich mineral belt is depended upon to make of the Kansas City, Mexico & Orient line one of the largest ore hauling roads in the world. This latter honor is held today by the Southern Pacific, with the Atchison a close second.

In the heart of this mineralized belt and to get close to the ore, the Guggenheims built a $5,000,000 smelter in the city of Chihuahua, which although in operation less than three years, is already too small, and for the growing requirements, an addition, calling for an investment of an amount



The Kansas City, Mexico & Orient Railway
KANSAS CITY
WICHITA
ANTHONY
HARPER
CHILLICOTHE
SWEETWATER
SAN ANGELO
DEL RIO
ALPINE
PRESIDIO DEL NORTE
STILWELL
TOPOLOBAMPO
LOS ANGELES
CITY OF MEXICO
NEBRASKA
KANSAS
COLORADO
UTAH
NEVADA
CALIFORNIA
ARIZONA
NEW MEXICO
OKLAHOMA
TEXAS
SONORA
CHIHUAHUA
SINALOA
GULF OF MEXICO
PACIFIC OCEAN

equalling the cost of the present plant, will be built immediately. The rich character of some of the ore in this neighborhood can be determined from one instance of a Chicago syndicate which is shipping ore over the Orient from its mines running as high as $30,000 a car.

A Revenue Producing District.

Every mile of the Orient's line is capable of producing revenue—bringing freight and all along the road, if history is to repeat itself, will arise prosperous cities and towns aside from those already in existence. Through Kansas and Oklahoma the road will be able to depend upon those bumper crops which have made those States of world-wide fame. From Texas the Orient will obtain its share of broom corn, cattle and cotton; in Mexico the minerals already referred to, also timber and cattle from the great ranches over the border in Mexico, one of which is as large as the State of Rhode Island. And when the line climbs over the Continenta. divide, it opens up a tropical garden whose tropical fruits, henequin and rubber, it will carry into Kansas City and Chicago for general distribution, at as low rates as these products are now shipped over the Illinois Central Railroad.

There are also at the different points along the lines great beds of bituminous and anthracite coal awaiting development, while around San Angelo, Texas, is situated a great wool raising industry, which is growing constantly, now that it has adequate railroad facilities.

A Popular Road.

As I have already stated, the road is a popular road, in the welfare and progress of which every one of the 4,000 who have interested themselves in it, take a personal pride. From Vice-President Creel, whose father-in-law, Don Louis Terraza, ships every year between 75,000 and 100,000 head of cattle, down to those who have only a few thousand dollars in the line, all are active drummers for freight, with the result that at the present time the Orient is receiving from 300 to 500 cars weekly from this one source alone.

With the lesson of the Kansas City, Pittsburg & Gulf always in mind, Mr. Stilwell guarded himself against a similar disastrous experience with the Orient, whose stock has been vested in a voting trust for a period of ten years. There is a sort of triennial guardianship over the Orient, consisting of a voting trust, which assures the bondholders and shareholders the same capable management the road has today, until it is completed and in operation for a number of years. The government of Mexico, which supervises the construction in Mexico, and an English finance committee, without whose consent no extensions can be built, guard against the construction of feeders, which in the experience of our other railroads have virtually turned out suckers, instead of contributing to the revenue.

Of course, what the road will earn when it is finally completed, and through business can be handled, is largely a matter of estimate. Some estimates have placed the fig-

United States and Mexican Trust Co. Building, Kansas City, Mo. The General Offices of the Kansas Ciiy, Mexico and Orient Railway.

ures for which the line's securities will sell at soon after the road is finished, as high as par for the bonds, 90 for the preferred stock and 150 for the common stock. This estimate is not exceptionally high, if the net results reach even half the expectations of the builders.

Those who built the Western Pacific, which has but one-half the Orient's mileage, are depending upon much more in earnings than the lowest estimate made for the Stilwell road, and in fact, the road must make such a showing to meet its fixed charges approximating $3,800 a mile per year.

Now if the Orient earns net per mile only an amount equal to the fixed charges of the Western Pacific, it will be able to pay the four per cent. interest on all the bonds outstanding, four per cent. on all the preferred shares outstanding, and ten per cent. on all common stock outstanding, so it can be seen that the optimism of the Orient's friends rests upon conservative grounds and is not so extravagant as it at first glance appears.

It can at least be said that if the Orient does not run through a country much more productive in freight than the Western Pacific, it is no less productive, and if it proves a better territory, which alone can be determined only by an actual test, the Orient, with the valuable connections it has established, should more than earn the fixed charges of the Western Pacific.

Construction the Best.

As for the construction of the Orient, it is of the best. Throughout the mountain district in Mexico it is rock ballasted and laid with eighty-pound rails. The bridges are of stone, concrete or heavy steel. This must of necessity be so, as all the work is under the personal supervision of the government on account of the large subsidies granted.

Although there are nearly 900 miles of the road now in operation, there are only about $7,000,000 in bonds outstanding in the hands of the public, on which fixed charges must be met. The only other obligations issued are $2,500,000 in car trust and equipment notes, for which the monthly earnings more than provide. No second mortgage bonds, no collateral trust notes or short-term loans have been issued. All interest charges are assumed by the construction companies until Aug. 1, 1912. There is in fact little room to suggest improvements along the lines of conservatism, for the Orient is built on strong lines. It is built to last.

Sections Now in Operation.

At the present moment there are in operation on the Orient seventy-three miles in Kansas, 200 miles in Oklahoma, 237 miles in Texas, 287 miles in Chihuahua and seventy-five miles in Sinaloa, Mexico. Trains are being operated daily west of Chihuahua over the Continental Divide, at an elevation of 8,152 feet. On the line in operation in the United States a saving of 240 miles is made over the Atchison between San Angelo, Texas, and Kansas City. Local traffic is already producing monthly from $140,000 to $160,000, and is constantly increasing. Many new industries are locating all along the line and they will constantly be augmented as the road grows older. Settlers and township locaters are flocking into the new country opened up by the Orient. A veritable boom has set in, which is but natural, for a new empire such as the new Stilwell road has opened, is not a frequent occurrence, but in a country like ours, which is rapidly filling up, is becoming a more isolated event with each passing year.

Mr. Stilwell has surrounded himself with able associates in the management of the Orient. There is Edward Dickinson, who for thirty years was with the Union Pacific, and for thirteen years the Union Pacific's general manager. Mr. Dickinson is one of the vice-presidents of the Orient and also its general manager. J. T. Odell, who constructed for Andrew Carnegie the Bessemer & Lake Erie, and made such a good job of it as to draw forth from Carnegie the expression that it was the best built road in America, is another of the Orient's vice-presidents. Governor Enrique Creel of Chihuahua, Mexico, another vice-president, is one of the greatest bankers of that Republic and has done more than any other one man for the development of northern Mexico. Then there is John F. Wallace, the former chief engineer of the Panama Canal, and before that general manager of the Illinois Central Railway, who is also a vice-president, and the other vice-president is J. S. Braithwaite of London, who represents the English investors, who have interested themselves to the extent of over $10,000,000 in the road.

Viewed from every angle through the most critical eyes it must be conceded that the Orient faces a promising future. It has a destiny which may eventuate in the most startling dimensions. Atchison was considered a folly until it drew the expression from one of Wall Street's most far-sighted financiers that it was a national disaster that this country raised such few fools to build roads like the Atchison. About everyone viewed Harriman's purchase of the Union Pacific as a piece of absurdity. Was it? His wisdom and foresightedness has its vindication in the masterful earnings exhibit of this once bankrupt road.

J. J. Hill also was considered a dreamer, but events have shown his dreams found the Golden Fleece, while Huntington was berated from the Atlantic to the Pacific as a man who never knew when to stop pumping water into the Southern Pacific. Yet his $100,000,000 of supposed water is selling today in the open markets at a premium of

nearly $30,000,000 and is bringing six per cent. income, with prospects bright of bringing even more.

This is of the past and yet none of these projects was on the threshold of any greater empire of new wealth than that which confronts the new Stilwell road. This is not a prophecy. It is an actual fact. The wealth lies there in agricultural and mineral resources, prepared to waken to the harrow, the plow and the pick. In fact, it is the only remaining domain of any vastness left to the quickening influences and latent energies of masterful Americans.

INVESTMENTS

Conducted by Franklin Escher

THE BOND MAN ON THE ROAD—A GLIMPSE OF NEW ENGLAND.

By George E. Castello.

FROM the bond salesman's point of view, New England is perhaps the nearest to ideal territory that can be found. Readily accessible, salubrious in climate (with fond remembrances of an hour spent in a stalled trolley, with the mercury seventeen below zero, and no heat in the car), inhabitants uniformly courteous and considerate, it is an unusually tempting field.

New Englanders are a very careful people,—*extremely* careful in the matter of investments. I know one man, Mr. B—, who specializes in local real estate mortgages, with an occasional speculative flier on a note (sky-limit interest, and at least 1500 per cent. collateral). Calling one day at a customer's grocery, I discovered Mr. B— peering cautiously from behind a pile of dried codfish boxes.

"Hello, Mr. B—," said I, "come out and shake hands. You act as though you owed me money."

"'Taint no sech thing!" he retorted hotly. "But I did think you was Russ Archer, an' I ain't jest wantin' to see him yet awhile."

"Why not?" I queried.

"Well, it's this way. Russ, he owes me a hundred an' three dollars on a mortgage, an' that mortgage" (pronounced "maurgitch") "come due day 'fore yistiddy, an' Russ, he's been a-lookin' fer me high an' low, with the cash in his pocket ter pay up, an' I snum I jest ain't wantin' ter meet him, 'cause I hain't got thet money *placed* yet."

Where Everybody Has Money.

In New England, the distribution of wealth is peculiarly and particularly uniform. "Everybody has money" is not a catch-phrase when applied to this section, and the reason can be seen at a glance.

Springfield, for instance, can boast of perhaps thirty industries, any one of which would be sufficient to supply employment for a goodly proportion of the inhabitants of the city. All the trades have their dull times, but only *some* of the shops are slow *some* of the time. Never, in the history of the city, have *all* the trades been slow at the same time, therefore it follows that *some* of the people have *money* all the time. Furthermore, a somewhat intimate acquaintance with the financial institutions and men of Springfield makes safe the statement that practically *all* the people have money *all* the time. It is also the logical and natural distributing centre for the adjacent towns. Holyoke with its enormous paper and silk industries, lies but a few miles away, and the revenue from this source is enormous. The mill hands come to Springfield by the trainload, and when they come, they don't shop, they *buy!*

New Englanders Wary of New Yorkers.

The tendency of New Englanders is to encourage and patronize local talent and industries. Laudable and commendable in itself, and particularly fortunate for local talent and industries, but a trifle discouraging for the invading "pioneer of trade." Though courteous to a fault, the people cannot, by the wildest stretch of imagination, be said to receive a newcomer with open arms, especially if the newcomer come from New York. To them "New York is New York, and Wall street is Wall street." One of the first questions asked is, "Have you a Boston office?" If this can be answered in the affirmative, the clouds of doubt roll away almost audibly, and the bond man has established an immediate claim to a respectability of person, and rectitude of purpose which, under other circumstances, would have to be proved before there could be any business talk of the "brass-tack" variety. Even then, one is told that "whenever I have a little money to invest, I place it through A— or B—. I don't do much in that line, but I have known so-and-so for years—he lives right here—has always done the right thing by me—*and I believe in keeping business in the town.*"

"Very good," you agree. "Exactly the proper spirit—accounts for the splendidly prosperous condition of your city—*but*—you know Mr. So-and-so can handle this bond for you, and take his profit in brokerage."

The suggestion is not met with wild enthusiasm, in fact, it gets a distinctly chilly reception. At length, you discover that it is next to criminal for anyone to let anyone else know his or her affairs. I know one bond dealer, whose best customers won't go near his office; let him go to theirs; in fact, they won't even talk business over the telephone! Everything is done by correspondence, and the letters *hand-written* and addressed to a post-office box! To do this matter justice, it must be said that the secrecy is an enforced means of self-protection, for without it, the buyers, who are busy men, would be overwhelmed by salesmen.

When Greek Met Greek.

Apropos of the foregoing, I know a dealer, whose name isn't Xenophon (though I think he knows more Greek than Xenophon did). One of nature's noblemen, he was ever ready to help one out. One day, he said: "Run over and see Mr. D—. I know he has about twenty thousand dollars' worth of stuff he wants to get rid of, and he's looking for just the sort of investment you can offer him. Don't mention my name, but handle him gently, for he's a bear, and eats 'em alive."

"Τοὺς μὲν γὰρ εἶναι χαλεποὺς, ὅσα καὶ ἀνθροποφαγεῖν," I quoted.

"His middle initial is S., but I don't think he is quite the Scythian that Strabo had in mind," said X—.

I called on Mr. D— forthwith.

"Mr. D—," said I, presenting my card, "the firm has instructed me to call on you, and tell you something about our bonds."

"Where did you get my name?" he howled. (I thought of Strabo's Scythians).

"I received my instructions from the firm," I replied.

"Where did *they* get it?" he howled again, more insistently; whereupon I assured him that inasmuch as I was working for a salary, and being more or less anxious to retain my position, it was incumbent on me to fulfill the primary functions of said position by obeying instructions without asking questions.

"But *I* don't know *you,*" he howled again.

"I'm taking a chance myself," I replied, somewhat nettled by this time. Then he smiled, and I knew I had the wedge started, so I invited him down to New York, just to get acquainted. He turned out to be true blue. (He was a Yale man, with the bull dog a bit too near the surface). There were further reasons, and good ones, too; but that's another story.

The above dialogue, which is rather condensed, illustrates exactly the general attitude toward a new man. First comes the personal objection— the lack of knowledge of the individual. Then the more important objection (seemingly), ignorance of the firm the man represents. If one can overcome the first obstacle, the rest is easy.

Grappling With Local Conditions.

Thus far, general difficulties have been touched upon. Local conditions have a deal to do pro or contra the success of the bond man. For instance: I was selling an industrial bond, and was under the impression that the strength of my argument lay in the inexhaustibility of the raw material—placing that fact even before the demand for the finished product. Mr. J—, to whom I was talking, said: "Did you ever hear of the B— Cement Co.?"

I pleaded ignorance.

"Well, said J—, "Swift and Slick, who got that up, were born and raised here. Knew them since they were the size of a bee's knee. One day, Slick comes around with some samples of cement, and a trunkful of reports and analyses by the biggest chemists and engineers in the business, telling what great stuff this cement was, and the piles of money there was in the property. Of course, it took money for development, and, to make a long story short, Slick sold $250,000 of bonds to his friends. Things go along beautifully—six per cent for three payments—then * * *. The post-mortem showed a big hole in the ground, where a few hundred loads of ready-made cement had been dumped. Talk about your wooden nutmegs. Can you beat it? Now, then, if a thing of that sort can be put over right here in the neigh-

borhood, how do you suppose folks feel about a proposition several hundred miles away? Take it from me, my friend, you have about as much chance as a celluloid dog chasing an asbestos cat through hell!"

Can you blame them? *I* can't.

Where Bond Salesmen Abound.

Bond houses have been far from slow in recognizing the fertility of the New England field, and the whole section is literally infested with bond men. It is almost impossible to enter a car or hotel without meeting a few men you know. One making periodical trips gets to know just whom he will see, and where he will see them. Very pleasant, in a way, yet productive of a system of competition, the like of which exists in no other line.

I called one day at the office of a bond dealer, whom I knew quite well. In a few moments a salesman of another firm came in. The dealer was out, and the newcomer, whom we will call K—, walked out into the customers' room, picked up a number of bond circulars and left.

A week later I stopped at the same office. The dealer, who is a bully good fellow, had fire in his eyes.

"Was K— here the last time you called?" he asked.

"Yes," I answered, "I remember that he went into the customers' room, and looked at some literature."

"Thereby hangeth a tale," said the manager. "K— loaded up with my circulars, went down to ——, called on one of my customers, whom I had educated up to buying, and deliberately offered two of our bonds at three points under the market! Got the order, too! When the customer woke up, 'phoned to me, told me the whole story, I wired the main office, and now, K— not only can't deliver, but has lost some good trade!"

K— had taken a chance on being able to buy low in the open market, but the two issues were controlled by the manager's house, and he didn't have a chance in the world to deliver.

In justice to bond men, the majority of whom I have found to be splendid, clean fellows, the above must not be taken as a characteristic transaction. It is an isolated case, but shows the sort of thing one meets once in a while.

Exchanging Experiences.

To a new man, the "lobby talk" is apt to be most discouraging, for one hears nothing of failures to "make good." If all the bonds you *hear* of being sold *were* sold, it would take the wealth of the world ,to pay for them. I talked with five salesmen one evening, and quietly jotted down the amounts of sales reported by them for the week. It totalled nearly four million dollars. That was Thursday night, so you can figure out what business these men would handle in a month. I have seen a new man turn pale at some of the tales of big sales and trades, which would put his own little transactions so far in the shade. But the novice soon finds his way to the salt bag, and learns to take a supply along, to be used as a dilutent for the recitals of highly concentrated success, of which the average bond man seems bound to deliver himself.

Taken all in all, the training is good for the new man who can stand the gaff. The oldtimers, under the guise of friendly interest, delight in sending the novice to a "hostile." A "hostile" is a man who has absolutely no use for any person selling, or attempting to sell, securities of any description. Usually, he has been badly bitten, or loaded up with

a lot of slow-moving stuff, which, at the best, will take a decade to digest. To the uninitiated, the way one of these "hostiles" will "take on" at the mere mention of securities, is blood-curdling; but after the novice has met a few, he can handle anything that comes along. In this way the veterans can enjoy a joke and at the same time give the recruit a course of training he could not possibly get under any other circumstances.

The Youngster Bests the Old-Timers

But it sometimes happens that the biters are bitten. There is a man, whose name isn't Aristotle, who is known from Cos Cob to Aroostook as the crustiest old curmudgeon in the East. A saturated solution of commercial acetic acid is honey compared to his disposition when he's happy; and his laugh sounds like someone rasping the ragged edge of a rusty can.

It was the Youngster's first trip, and the regulars lost no time getting into action, for the Youngster certainly was legitimate prey. Neat as a fresh-laid egg, there was no guile in him. The regulars took him in tow, and told him how Mr. A— was incubus'd with an accumulation of wealth from which he was fairly sobbing to be separated. The way the Youngster absorbed that tale was positively pitiful. He took the address, asked a few questions, and said good night.

Two weeks later, the same crowd was sitting round the fireplace when in walked the Youngster. He registered, went up to his room, and reappeared, looking neater than ever. The boys felt a little guilty as he joined the circle, for they thought things might have gone a bit too far. After the usual greetings, the Youngster spoke up.

"I say, gentlemen, you know you did me a rattling good turn in ——."

"How so?" in surprised chorus.

"Do you remember that lead you gave me? Mr. N. A., I mean."

"Yes," in more surprised chorus.

"Well," continued the Youngster, "I went up to see him the very next day. He was a bit crusty at the start, but I found out he used to know mother quite well. Fact is, my middle name is the same as his. After a bit, we got quite chummy, and really, he's a famous old chap! Said he had no earthly use for bond men—thought them all a pack of frauds—was sorry for me because I was in such a beastly line, and congratulated the line on having gotten such a decent fellow in! Just as you chaps said, he *did* have quite a sum of money loose, and I sold him thirty thousand dollars worth of bonds. First order, too!"

Glancing around the circle, a snap diagnosis was: Paralysis and apoplexy of each, fifty per cent. The boys were speechless! No wonder, for the Youngster had walked off with a plum that everyone had thought was a spoiled lemon.

Verily, bonds move in a mysterious way, but then, New England is a prime old place for mysterious movements.

Of this, more anon.

NEW RAILROAD CONSTRUCTION—FOUR GREAT PROJECTS WHICH ARE UNDER WAY.

By A. Franklin.

A BIRD'S-EYE view of the railroad map of the United States shows four great construction projects under way. Out in Colorado, the Denver, Northwestern and Pacific, "the Moffat Line," has finally been pushed across the Continental Range west of Denver, about 200 miles of the road towards Salt Lake City having been completed. To the north, the Spokane, Portland and Seattle, the road owned by the Northern Pacific and the Great Northern, is about to begin extensive building operations down through the Des Chutes Canyon into the fertile fields of interior Oregon. Running in a bee-line southwest from Kansas City to the lower end of the Gulf of California, the new Kansas City, Mexico and Orient road, the "Stilwell" project, has over half its line completed and will probably be in full operation within the next two years. In the East, preparations are about finished for coupling up the Western Maryland with the New York Central system at Pittsburgh, thus giving the Central its long-needed outlet on Atlantic tidewater at Baltimore.

The Denver, Northwestern and Pacific.

Of these various great operations, by far the most picturesque is the Moffat undertaking, which, when finished, will connect Denver and Salt Lake City. Years ago, when the Union Pacific was being constructed and had been pushed out as far as Denver, the engineers who were building the line found themselves face to face with the question as to whether they should attempt to get over the Continental Divide, which runs up and down like a great wall thirty miles West of Denver, or whether they should turn northward, skirting that great natural barrier. The latter course was decided upon, the road being turned sharply northward into Wyoming before continuing its western course to Salt Lake. Later on, when the Denver and Rio Grande was being built, the same question came up again, and was again answered by swerving the Rio Grande sharply to the southwest, the formidable Continental Divide being again skirted instead of pierced.

It thus came about that behind Denver, extending East and West nearly 500 miles and North and South about 150 miles, there lay a great tract of territory, fertile and possessing great natural resources, and in which the whistle of a locomotive had never made itself heard. Realization of the fertility of this tract and the great advantages to be gained by a road running straight West from Denver, led David A. Moffat and his associates a few years ago to undertake the ambitious project of striking straight West across the mountain barrier just out of Denver, and carrying their line, as the crow flies, to Salt Lake.

The first step was the crossing of the Continental Range. By the employment of every modern engineering method known and the expenditure of a vast sum of money, this was finally accomplished, the road being carried out into the fertile territory lying to the West. At present, about 214 miles have been completed, the terminus being at Steamboat Springs, Colo. That much of the road is in operation now, and is

showing excellent results. Before the end of this year, construction will be vigorously under way on the rest of the line, contracts having already been let for much of the work, and the prospect being that the connection with Salt Lake will be completed within a comparatively short space of time.

The Moffat road is independent—as yet. Its officers declare that it will remain so, but Wall Street is highly skeptical. That a road, which, when completed, would be of such inestimable value to either the Rock Island or the Burlington, can remain independent, is hardly to be expected. Shorter than any other road between Denver and Salt Lake by nearly 150 miles, this link would give to any one of the great eastward systems possessing it, a great advantage, and put them in an excellent position to compete with the Union Pacific. For this reason, rumor has been rife that both the Union Pacific and the Gould interests, who control the Denver and Rio Grande, have been after the Moffat road. So far nothing seems to have come of the negotiations. Eventually, however, it is almost certain that this important piece of road will come under the control of one of the great transcontinental systems. The price paid for it, however, is bound to be exceedingly high. Its backers have taken the risk and won out on what they were trying to do. The road may be for sale, but anyone who wants to buy it will be called upon to pay an exceedingly high price.

The Hill Lines.

Up in the Northwest, work has been about finished on the new Hill road, the Spokane, Portland and Seattle, and the Hill interests are about ready to make their long-threatened invasion of the Harriman territory. An arrangement having been made with the Harriman interests by which both parties are to have the right of way through the Des Chutes Canyon, there is no longer any obstacle to the building of an extension of the Spokane, Portland and Seattle down into Oregon—a territory exceedingly rich and coveted by both the Hill and the Harriman interests. The railroad situation in the Northwest is all the time becoming more and more interesting, and not its least important phase is this invasion of the Harriman territory now threatened by the extension building southward from the newest of the Hill roads.

The Kansas City, Mexico and Orient.

Far to the South, the rapid progress made on the Kansas City, Mexico and Orient is engrossing the attention of students of the railroad situation, and bids fair to inject a new element into the trans-continental railroad situation. It was about the time that the United States Government was maturing its plans for building the Panama Canal, it will be remembered, that Arthur E. Stilwell and others who had been associated with him in the management of the Kansas City Southern, made up their minds that a railroad running Southwest

from Kansas City to a point on the Pacific Coast in the Northern part of Mexico would, by reason of its shortness and directness, have a great advantage over the other trans-continentals. Between Kansas City and Topolobampo, on the Gulf of California, the Western terminus finally decided for the Orient road, is a distance of fully 500 miles shorter than the distance between Kansas City and a point on the Pacific Coast straight West.

Over half of the new line has been finished, is in operation, and is showing exceedingly satisfactory results. A rapid development in the territory traversed has taken place since the inception of the undertaking. The capitalization of the road is on an exceedingly conservative basis and its local traffic alone bids fair to make it a paying proposition.

It is upon the through-business which the "Orient" will be able to handle upon its completion, however, that the big success of the railroad depends. Undertaken with a view to getting much of the business originating from the building of the Panama Canal, this road enjoys a position which will give it an advantage over its rivals to the North. Not only is this route shorter by many hundreds of miles, but its Western terminus on the Pacific lies much nearer the Pacific end of the canal. Topolobampo, in fact, lies almost directly in the course which ships must take heading from the canal to Oriental points. It will, therefore, be the natural port of call, the port to which freight originating in the middle Western sections of the United States will naturally be sent for shipment to the "Orient."

There is further to be considered the fact that freight going eastward from Oriental points in ships bound for the canal can unload at the lower end of the Gulf of California without the ships going much out of their course, as would have to be done were Portland or Seattle made a port of call. Again, therefore, it is plain that Oriental business en route to the middle sections of the United States will be disembarked at the Western terminus of the "Orient" road rather than at Seattle or Portland, and that the "Orient" is bound to get the lion's share of the business.

Western Maryland-New York Central.

The three projects spoken of so far have been all in the Western section of the country. Right here in the East, however, a piece of railroad building is under way which, while not of the same extent as the others, is, nevertheless, fraught with great possibilities. By a piece of road to be built through the Cumberland Mountains the Western Maryland Railroad is to be connected with the New York Central at Pittsburgh. That link having been forged, the Central will have a direct route southwest from Buffalo and Pittsburgh to the middle Atlantic seaboard.

The whole amount of road to be built is only about eighty-three miles, but the undertaking, on account of the mountainous territory through which the connecting link is to be built, will cost well upwards of ten million dollars. It was this natural obstacle, it will be remembered, which, as much as the difficulty of getting into Pittsburgh, was responsible for the failure of George Gould's transcontinental plans when he tried to couple up the Wabash and the Western Maryland five years ago. Realization of the importance of such a connecting line, by both the Western Maryland and the New York Central interests, has been responsible for the determination to surmount all difficulties, and at what-

ever expense may be necessary to go ahead with the building of the line. In eighteen months it will probably be finished. Its completion will mean a thorough route for the New York Central for Western freight, not only to New York, but to Baltimore as well—something of which the Central has long been in the most urgent need. For the Western Maryland, on the other hand, the completion of the road means a westward outlet for coal traffic, which cannot but mean a very great increase in its earnings.

THE STREET RAILWAY PROBLEM.

AN exceedingly serious problem facing practically every street railway operating in the big cities is the rise in the price of materials and labor which has taken place. All public utility corporations are faced with more or less of the same problem, but it is in the case of the street railways that it appears to be the most serious. A suburban electric traction company has at least a chance to lessen the amount of transportation it sells for a given price, but the street railway can charge no more than the nickel which it has always charged.

Consider what has happened: During the past ten years the price of practically all materials used in street railroading have risen decidedly, while the amount the company charges for a ride has remained exactly the same. A company which was able, ten years ago, to earn a fair return on its capitalization is not able to earn a fair return under present conditions. However the density of population may have increased, however the company may have been able to improve its operating methods in the meantime, the fact remains that everything the railroad uses has gone up in price while the price at which it markets its product (transportation) has stood still. The problem is one which the investor in street railway shares should carefully consider.

PUBLIC SERVICE CORPORATION BONDS.

IN a discussion of public service corporation bonds, coming to us from the Harris Trust & Savings Bank of Chicago, the primary factors which should govern investment in this class of security are thus clearly set forth:

It is an investment axiom that those undertakings are most likely to succeed which are established for the purpose of providing something the community cannot get along without. In short, other things being equal, the more useful and necessary the object, the stronger and more lastingly profitable the investment. Public Service Corporations are those supplying water, light, heat, power, telephones, local transportation, etc. From the nature of the

service they perform they may more properly be termed Public Necessity Corporations, for adequate provisions for such utilities are absolutely essential to the health, progress and prosperity of a community.

No property offers a better basis of security than a well-manged, thoroughly equipped and conservatively capitalized Public Service Corporation, controlling the business of a populous territory or a large city. Bonds secured by mortgages on such properties are entitled to the consideration of the most conservative investors, when the physical and financial condition, capitalization, franchise rights and all legal phases of the security have *first passed the scrutiny of a conservative banking house of large experience*, which has, upon the strength of its examination, *purchased the bonds outright* with its *own funds* before offering them for sale to investors.

The earning power of such properties has been settled beyond experiment, and their profitable operation is an established business fact. In this country, with its steady growth in population, all kinds of qausi-public corporations have reason to believe that their business will increase from year to year. The ratio of increase in population in the United States during the last hundred years has averaged over thirty per cent. for every decade. At this rate the present population would be doubled before the year 1945, and even then the density of population in this country would only be from one-fifth to one-seventh as great as in the principal European countries at the present time. Considering this rapid increase, together with the fact that the movement of population in this country is distinctly urban, one may gain some idea of the possibilities for Public Service Corporations, especially when it is remembered that these companies derive their earnings directly from the individual and that their earnings increase at a rate more rapid than the increase in population.

Safeguarding Principles.

As in buying bonds of other corporations, discrimination and judgment should be exercised in the purchase of bonds of Public Service Corporations. For the guidance of investors we outline below the primary factors which should govern the individual buyer in the selection of sound investments among the bonds of such companies

1. The investor should confine his purchases to the bonds of companies serving the more important cities. The reason for this precaution is obvious. A recent investigation by the United States census showed that in cities of 25,000 or under the average number of street railway rides per inhabitant was sixty-eight per annum, while in cities of between 100,000 and 500,000 it was 184. The consumption of gas and electricity shows a similar pro rata increase with the increase in the size of the city.
2. The franchises should be satisfactory in point of duration, and in no case should they expire before the bonds mature.
3. The property should be conservatively capitalized as regards the amount of bonds outstanding compared with the actual value of the property, and proper safeguards should be thrown around the issuance of additional bonds from time to time.
4. The property itself should be in good physical condition and capable of economical operation.
5. The earnings should not be based on excessive rates.

6. The company should be well organized and efficiently managed.

When a company meets the above-mentioned requirements and its net earnings, after providing for taxes and operating expenses and proper maintenance, are sufficient to equal practically double the interest upon the bonds outstanding upon the property, such bonds can generally be considered a safe investment.

The majority of investors must of necessity rely largely upon their bankers in making investments, for however familiar an individual may be with investments in general, it is usually impossible for him to investigate all the numerous legal and technical questions bearing upon the safety of any particular bond. For this reason—and this is perhaps the most important of all—the investor should determine by careful inquiry the standing and general reputation of the banking house offering the bonds for sale. Purchases should be made only from banking houses or financial institutions of high reputation and standing, having sufficient facilities for competently judging the security, and with an established reputation for protecting the interest of their investing clients.

FINANCIAL AND COMMERCIAL HONOR.

By William W. Gleason.

IN the eighteenth chapter of Niccolo Machiavelli's "The Prince," occurs the following:

"One prince of the present time, whom it is not well to name, never preaches anything else but peace and good faith, and to both he is most hostile; and either, if he had kept it, would have deprived him of reputation and kingdom many a time."

Wall Street, which is so strongly in the public eye, unfortunately too often furnishes argument in support of this theory. By nothing is it better exemplified than by the recent financial scandals. Recriminations and accusations of bad faith fill the air. Reputations, gained e'en in the cannon's mouth, are ruthlessly destroyed, and the one man who is believed to have come out of the affair with the greatest monetary profit is that prince, who, in the opinion of the public, if he had kept good faith would have lost both "reputation" and wealth.

This word "reputation" is the crux of the whole matter. What does present day financial reputation consist of? Is it not true that too often wealth gained at any price is the thing that is sought after? Is he who sacrifices all for a principle, or is he, who, to descend to a colloquialism, only too often used, "welches but gets away with it" the more admired? Or more important still, which example is more often followed and held up for the emulation of our budding financiers?

The answer is not as easy as might appear to the God-fearing men of the community. Theoretically, of course, there is but one answer, but from the material, the so called practical side, there seems room for doubt, judging from the way affairs are conducted nowadays in Wall Street. It may be as Milton says, "Better to reign in Hell than to serve in Heaven" or to paraphrase it, "Better to be a millionaire than of the faithkeepers."

Differing Codes of Honor.

Where the trouble lies is in the fact that it should not be possible for a different code of honor to exist in the financial and commercial worlds. This statement, radical as it may seem, is nevertheles true—and investigation will prove its verity.

In the first place all the theory and practice of Wall Street seems to be based upon so called "gentlemen's agreements." This undoubtedly works smoothly when days are calm and when the buying and selling of stocks is conducted in an orderly manner—when things run along in an usual groove as it were. But let a panic come, let a pool find itself in trouble, and something firmer and more stable is needed. The legitimate investor, generally a man who has earned his money by the sweat of his brow, should have every possible safeguard. Is it right that the accumulation of years of hard work and saving should be imperilled because of some one's word or lack of faith? It is not fair that legitimate stocks should be affected by the collapse of "get rich quick" schemes.

Several recent occurrences on the stock exchange have shown that both the above statements are true. For the stocks that have fallen have not only been those in which there has been gross manipulation but their fall has affected the entire market. The exposé of Wall Street methods which has taken place is far from savory, and the half is not yet told. The result will be that if such methods which are not only ethically wrong, but also unsound from a business standpoint continue, the small investor will keep strictly aloof from the street and will look in some other direction for an investment for his funds.

It will behoove the legitimate brokerage houses of the Street to ponder well over this problem of how to segregate the investment side of their business from the gambling side—that played by the operators with their pools and washed sales and publicity bureaus, and the like.

A Business Basis.

The commercial world has its own standpoint of ethics. A man's word may be good, but it would be a poor business man who would depend on that alone, when putting through a large deal. A merchant feels that he is merchandising his goods not alone for the immediate present but for many years. Unless his goods are worth the price he asks, his business will not continue to grow. He must build his business on value and no "watered stock" can be used as a foundation. In value alone can he win success. And not only must the merchant give value but he must give value as good or better than his competitiors give. He can not mark up goods to four times their real value and in explanation affirm that there is really something in them that does not appear to the eye but which is there nevertheless. He cannot claim that under the plain surface of his wools or silks as they may be, there are diamonds, or ore deposits, or oil hidden. Unless the value is there, and appears, his business decreases and should decrease, and by the laws that govern commerce must eventually decrease.

The true merchant does not buy or sell goods on word alone—not that he doubts the word of his fellow man but because to him that is an unbusinesslike way of doing. He buys on contract and sells by sample or guaranteed state-

ment, and woe be unto him whose goods are not according to specification, or whose contract is not lived up to.

The man in mercantile life who buys from a large commission house or through a reputable broker feels that he is fully guaranteed as to quality or price. Such is the case and the customer is absolutely protected, if for no other reason than that a satisfied buyer is one of the best of all business assets.

The sooner Wall Street adopts these commercial ideas the better it will be for the entire community. Let all ideas of "gentlemen's agreements" be banished once for all, and let business contracts take their place. Let sound principles drive Machiavellian ideas and precepts from our marts of finance. It should be made impossible for stocks to be listed unless they have a proved value. Let it be made a criminal matter to try to inflate stocks or to recommend stocks merely for the purpose of assisting in the raising of their quoted price. And most important of all, let each stock exchange house make it a matter of pride not to recommend securities at all unless proven good, and let them make it a general rule to refuse to buy any stocks which appear to be inflated. In this way to treat each prospective buyer exactly as a reputable mercantile house treats its customers, dealing only in stocks which possess quality and are of worth. Soon enough, then, a sharp line of demarcation will be drawn between the legitimate functions of the Street, its only reason for existence, and that gambling side which, if continued, is bound to result in great restriction of its powers through legislative interference.

If, however, Wall Street will walk hand in hand with the better commercial tendencies of the day, it will find that adverse criticisms will be lulled, and it will occupy a broader and better place in the life of the Nation.

THE BUSINESS MAN'S SURPLUS.

II.—RAILROAD STOCKS AS INVESTMENTS.

IN spite of the ranting of those altruistic souls who contend that the putting of money into any kind of a security other than first mortgage bonds is speculation and not investment, the fact remains that a very large proportion of the savings of the nation is every year legitimately invested in railroad stocks. Without going into discussion as to what does constitute the difference between investment and speculation, it may be said that, where the securities concerned are of recognized value, the difference does not consist in whether the money is put into this kind of a bond or that kind of a stock. It is possible, for instance, to speculate most rashly in first mortgage bonds and possible to invest most conservatively in non-dividend paying common stocks. Each individual purchase—its extent in proportion to the buyer's resources, his motive in making it, his knowledge of what he is doing—and not at all the kind of security into which the money goes, is what determines whether the

transaction is an investment or a speculation.

Viewed from the standpoint of the individual investor, railroad stocks divide themselves into four big classes. First come the stocks whose dividends are guaranteed by strong roads and the preferred stocks of roads which have for years past paid large dividends on the common. Second come the good solid dividend payers like St. Paul, Atchison and Chicago & Northwestern. After that come the stocks of roads which in anticipation of dividends to be begun at any minute sell well up toward par. Lastly come the non-dividend-payer—the little stocks which knock about in the market, one of their number occasionally "graduating" and working its way up into a better class.

GUARANTEED AND PREFERRED STOCKS.

Railroad stocks on which the dividend is guaranteed by a good company and preferred stocks of those roads which for years have been earning and paying big dividends on the common, sell on a par with the best bonds and so hold out, but small inducements to investors other than those satisfied with a little more than savings bank interest. Stocks of this class sell "on a basis"—among those familiar with them, the question is not whether the stock sells at 150 or 155, but whether it sells on a three and three-fourths or four per cent. basis. (i. e. to net the buyer three and three-fourths or four per cent). The principal being regarded quite as safe as in the case of a mortgage bond, interest return is the sole consideration, and the price of the stock rises and falls approximately in such measure as to equalize with prevailing rates of interest, the income obtainable by buying it. Price fluctuations in the stock are therefore limited, except during periods of violent money market disturbance. Stocks of this class are a favorite form of investment with trustees and are largely held in estates. They form what is known as the "gilt-edged" class in stocks.

THE SEASONED DIVIDEND-PAYERS.

From the standpoint of the investor, this is by far the most important class of railroad stocks. Without attempting to define its limits too closely, it may be said to embrace all those stocks which have a dividend record running back at least four or five years, and whose earnings are and have been such as to warrant the belief that they are firmly ensconced in their position as dividend-payers. Difference of opinion naturally will arise as to whether this or that security should be admitted to belong to this class, but broadly speaking, the class may be said to be bounded on the one hand by such stocks as Union Pacific and Canadian Pacific, which earn infinitely more each year than they pay out, the other extreme consisting of such stock as Denver & Rio Grande preferred or Missouri, Kansas & Texas preferred, securities reasonably sure of their dividends, but not earning them by any very great margin.

In considering stocks of this class as investments for surplus, the investor must not lose sight of the fact that he is dealing with stocks which, while sure-enough dividend payers, are not guaranteed and occasionally contain possibilities of trouble,—as for instance

Missouri Pacific, which, from being a respected member of the aforesaid class, passed its dividend and went hurtling down into the twenties. As a rule, stocks of this class can be bought and put away with reasonable certainty as to income, but where the safety of income is a prime consideration, there are comparatively few issues in this class which can be bought at all. Where a business man can take the slight risk as to income entailed in a purchase of Southern Pacific or Atchison, a woman dependent upon the yield of her principal cannot. She cannot, in fact, take any risk whatever and must be willing, for the sake of that absolute security, to accept a lower rate of income than the investor legitimately entitled to take some slight risk.

In investments of this class the question of fluctuation, too, is highly important. Owing to the way in which our financial markets are constituted—the concentration of the money power, the defective currency system, etc.—it is inevitable that there should be violent rises and declines in the market, which fluctuations are naturally more marked in the class of security under discussion than in any other. The investor putting his money into stocks of this kind must be prepared to see wide swings in price, which sometimes mean something as to the condition of individual stocks and which sometimes do not. Missouri Pacific's big decline before the dividend was finally passed foreshadowed that event. Union Pacific's decline from nearly 200 down to par foreshadowed nothing—no reduction in the dividend was made and the panic period passed with but slight decrease in earnings.

But from the very nature and extent of the fluctuations which take place in stocks of this class, it is evident that they constitute an investment adapted only for the use of surplus money which *is* surplus money, in the strictest sense of the term. A merchant is fairly successful in his business, and by careful saving has accumulated, let us say, a few thousand dollars. Should that money be put into New York Central or Atchison or Union Pacific? Certainly not. Money of that kind constitutes a first reserve and belongs nowhere but in the best of bonds. A period of good times comes; the merchant's few thousands are added to; he finds that he is able to save more than he figured he could save. Should that money be invested in New York Central or Atchison or Union Pacific? Certainly it should. It is surplus in every sense of the word—a secondary reserve—and in order to produce results should be put into some good stock. Fluctuations do not bother the business man whose secondary reserve is so invested. He will lose no sleep because the price of the security into which he has put his hard-earned savings is down, and because, needing cash, he may have to sell out at a loss. Uninfluenced by any such harassing idea, the man whose primary reserve is salted away in bonds can afford quietly to back his judgment in

having bought the stock and unconcernedly wait for it to "come back."

More money is lost in railroad stock investments for this reason than for any other, that the investment was unsuited to the needs of the investor. Smith, whose income is $10,000 a year and whose expenses are only $5,000, can well afford to take a business risk with a part of what he saves. Jones, who makes five thousand and spends four, is in a different position. The money he accumulates comes harder and should be safeguarded in every possible way. The best bonds are none too good for him.

THE "ALMOST" DIVIDEND PAYERS.

Coming down to that class of railroad stocks which are recognized as being very near a dividend, we are dealing, it is evident, with a security which, while constituting a legitimate investment for a man having a large surplus, for the great majority of buyers is an out-and-out speculation. Still, there is a legitimate investment value to this class of stocks, nor will it do to overlook it. Owing to favorable traffic alliances, largely increased earnings, or any other cause, the price of a stock has risen, say, up into the sixties or seventies, where it holds firmly. Analysis of the property and its earnings shows it to be well able to pay four or five per cent.; declaration of the dividend is merely a matter of directors' convenience and pleasure. Under the circumstances, purchase of the stock by the man who has thoroughly studied the property and can afford to stand a wide fluctuation in the price of what he has bought, is not at all an unconservative action. He is taking a certain amount of risk with his money, but if he knows what he is doing, he is by no means speculating with it. What he is doing is intelligently investing his money in a stock which he has reason to believe will not merely rise in price *but intrinsically become more valuable.*

Investment of this kind, however, it must be admitted, is not an occupation for beginners and requires not only surplus money but surplus knowledge of conditions. The fact that some pool has taken a railroad stock in hand and run its price up thirty or forty points by no means proves that a dividend is coming along. Buying non-dividend paying stocks at high prices is a business for full-grown men, and then only for such as can analyze a stock on the basis of earnings and form a reasonable estimate as to what its intrinsic value may be.

COMMON STOCKS AS INVESTMENTS.

In this class of security more than in any other untold crimes are every day committed in the name of investment. A man "hears" a story that Erie or Southern Railway are "showing big earnings," and goes in and buys some of the stock. That is a speculation, pure and simple. Or he "hears" that the Harriman interests are after Kansas City Southern, and tells his broker to buy some of that. That, too, is pure speculation. He may make on it, or he may lose; he may buy the stock outright, or on margin. All that makes absolutely no difference. He bought the stock without really knowing anything about it; he bought it because he was told its price was going up; be he a millionaire or a clerk with $500 in the savings bank, the purchase of such stock under such conditions is a speculation, if not a gamble out and out.

But if instead of "just hearing" that Erie is doing well and should sell higher or that Kansas City Southern is to be taken over by Union Pacific, he has made a careful study of those properties, and having arrived at the conclusion that either or both of them are selling in the market at less than their intrinsic value, he goes ahead and puts in some of his surplus money, that is a very different proposition. The man, for instance, who kept close track of Chesapeake & Ohio's earnings when it was down in the thirties and forties and who reasoned that some day the value and big earnings power was bound to be reflected in a much higher price for the stock, was not speculating when he bought, but investing his money in a wise and judicious manner. Similarly with the students of railway strategy who real-

ized that for a road like Missouri, Kansas & Texas to remain independent long after the completion of the Panama Canal had become a certainty, was impossible. Knowing the value of the property, knowing its immense value to any one of four or five big roads needing a Gulf of Mexico outlet, such students could figure that "Katy's" absorption would not long be delayed.

As in the case of the "almost" dividend payers, however, here again only very thorough knowledge of conditions should lead the man who wants really to "invest" his money to put it into the low-priced, non-dividend paying shares. Such information is not picked up by the wayside; it can hardly be gained from a hasty reading over of reports or a quick look into some broker's digest of the property's latest report. Such information in the hands of an intelligent man, with a surplus to invest, is worth money, and what is worth money usually takes time and effort to acquire. There are men who have made fortunes out of investments in low-priced, common stocks, but such investments usually are the fruit of long-continued, painstaking, and above all, thorough and intelligent inquiry.

Taking them as a whole, railroad stocks present a broad and profitable field for the investment of surplus capital. With the exception of the best of the guaranteed and preferred issues they are, perhaps, not suited for the investment of money, not the income of which non-earning persons are dependent, but from the standpoint of the business man earning a surplus above requirements for living expenses and primary reserve, they present great opportunities for good income and the increase of principal. The holder of good railroad shares is a partner in the country's railroad industry, and that, in this country at least, means participation in a money-making sort of enterprise.

THE ELEMENTS OF FOREIGN EXCHANGE.*

Extract from a Lecture Recently Delivered by the Editor of Investments at the "Finance-Forum" in New York.

THE modern way of settling a difference between two persons in widely separated cities is by having the creditor draw a draft upon the debtor. In cases where the cities are in the same country, operations of this kind give rise to what is known as domestic exchange. In cases where one city is in one country and the other city in another, the draft drawn is known as foreign exchange, or as it is more popularly known, as "exchange."

Each day sees an enormous volume of buying and selling of foreign exchange at New York. An estimate as to the amount dealt in is impossible, but it can be said that there are several bankers whose daily remittances and drawings of exchange run up into the millions. Let us consider the sources from which comes this great supply of

* Mr. Escher's new book on Foreign Exchange will shortly be on sale by the publishers of The Bankers Magazine.

bills, together with the sources from which springs the demand.

Sources From Which Foreign Exchange Originates.

(1) Shipments of merchandise, of course, constitute the primary reason for the existence of the great bulk of foreign exchange. Our exports, while not increasing at the same rate as our imports, have nevertheless, reached the stupendous total of nearly two billion dollars a year. A merchant in Memphis, Tenn., for instance, has sold a number of bales of cotton to a cotton spinner in Liverpool, England. He ships the cotton and draws a draft on Liverpool in pounds sterling for the value of the goods shipped. Similarly, when the commodity exported is wheat or corn or any of the other commodities which we sell in Europe in such large quantities, the usual method, though not the invariable one, is for the American seller to draw upon the foreign buyer which transaction necessarily brings into existence a bill of exchange.

(2) Sales of our securities abroad constitute a second source from which exchange originates. We are continually issuing great amounts of new bonds and stocks, a large proportion of which, because of the popularity of our securities in Europe, find lodgment with the foreign investor. There was a time when practicaly the whole bonded indebtedness of American railroads was in the hands of foreign investors, but that is no longer the case. At the same time, European interest in our securities is very great and the foreign buyer can be relied upon to participate largely in nearly all new issues being brought out.

Continuous foreign purchases of existing American securities, too, are responsible for the drawing by American bankers of great amounts of foreign exchange upon their European correspondents. When we sell they buy, and purchases are paid for by our drawing upon them.

(3) The loaning of foreign money in this market is the third source from which originates a large amount of foreign exchange. Without going into the details of the transaction, it can be said that practically all the foreign money loaned in this market is transferred through drafts drawn by American bankers upon their correspondents abroad. For example, a bank in London has decided to loan £100,000 in the New York market. The transaction will be accomplished by the New York agent of the London bank drawing the draft upon the London bank wishing to loan out the money. This draft is then turned into dollars and loaned out.

(4) Because of the fact that "finance-bills" closely resemble the bills originating as the result of foreign loans in this market, they are not always recognized for what they are, but bills of this description nevertheless make up a large proportion of the exchange being continually bought and sold. Concerning just what constitutes a "finance-bill" there is considerable difference of opinion. As the term is used in the New York market, however, it can be said that finance-bills are international accommodation-paper, pure and simple—that they represent nothing more than the scheme of a house here, having good credit and enjoying good facilities with correspondents abroad, to "raise the wind" by drawing long-time drafts upon bankers on the other side. Such drafts are not drawn against commodities, against securities shipped, or, in fact, against

anything else. They are simply a means by which money can be raised and used up to within ten days of the time when the drafts fall due and have to be paid.

(5) Joint speculations in American securities furnish still another source of foreign exchange. A banking-house here having decided to go into a speculative operation with a banking-house abroad, arranges with the foreign house to raise the money to buy the stock by drawing long drafts upon the banker abroad. Such drafts, which do not mature for sixty or ninety days, can be sold and the proceeds used much as in the case of finance bills. When they mature, of course, they must either be renewed or the stocks sold out at a loss or profit, as the case may be, and the money remitted abroad to head off the maturity of the bills.

Sources of the Demand for Foreign Exchange.

(1) The necessity of paying for merchandise imported is naturally the principal source of demand for bills of exchange. At the present rate of imports, we shall have bought, during the current fiscal year, well upwards of a bilion-and-a-half dollars worth of merchandise. All this has to be paid for, paid for with remittances of foreign exchange. Whatever the terms may be on which sales are made, it all amounts to the same thing. Whether the merchandise is imported under commercial letters of credit or whether the importer goes to his banker, buys a bill of exchange and sends that, eventually a draft drawn by somebody here upon somebody else on the other side must be sent in payment.

(2) Similarly with imports of securities. So great is the amount of "Americans" lodged on the other side there are continuous waves of foreign selling, which result in heavy repurchases by us of our own securities. When the foreigners sell our securities, we buy, and when we buy we need exchange with which to pay for what we have bought.

(3) Again, the necessity of remitting interest and dividends on the great amount of foreign capital invested here calls for very great amounts of exchange. According to a widely accepted estimate, European investors hold between four and five billion dollars worth of American stocks and bonds, upon the great mass of which interest and dividends must be continuously sent out from this country. Around the middle and the end of the year when the bulk of coupons mature, this demand becomes most urgent, and almost invariably makes itself felt in very firm rates for foreign exchange.

Immigrants' remittances, too, call for a great volume of bills. As is well known, immigrants have a habit of sending home to their relatives in the old countries a great proportion of the money which they are able to save from their labors here. Most of it goes in the form of postal money orders. But whether it goes in that form or not, somebody must furnish the exchange with which the remittances are made. Remittances of this kind call every year for well upwards of $50,000,000.

(4) Again, there are continually payments abroad which have to be made for freight and insurance charges. Lacking any considerable merchandise marine, we are dependent entirely upon foreign ship owners, and each year must pay to them a vast sum for carrying the merchandise we export and import. Insurance also plays an extremely important part. All the big fire insurance companies have American agencies into which pours a continuous stream of premiums paid by American exporting and importing firms. Eventually, all this money must be remitted back to the home office. The demand from this source constitutes at times an important factor in the exchange markets.

(5) Ependitures of American tourists abroad every year are conservatively estimated at between $150,000,000 and $200,000,000. With the increased popularity of foreign travel and of sojourn abroad, it has come about that there is an increasing amount of money

spent by Americans on the other side. We not only travel as a nation, but in every important European center, there is a colony of Americans who draw their wherewithal from this side. Then, too, there must be considered the remittances to American heiresses who marry titles on the other side. Taken altogether, these items aggregate a staggering amount.

(6) There must also be considered the demand for exchange resulting from the paying off of maturing foreign loans and finance bills. The loan bills or the finance bills having been drawn for ninety days the drawer has the use of the money. But at the end of the ninety days, the draft falls due and has to be paid, and that can be accomplished only by sending over a demand bill of exchange. Loans of this kind and finance bills are continuously coming due. There are times when these maturities so far exceed the supply of exchange available that rates are very sharply urged upwards. There never is a time in fact when there does not exist more or less of a demand from this source.

The above cover roughly the principal sources of supply and demand. As can be plainly seen, such a condition necessarily results in fluctuations from par sometimes upward and sometimes the other way. The influences governing the rise and fall of exchange will be taken up in the next article in this series.

INVESTMENT NEWS AND NOTES.

—By reason of the large sums of money being raised by the railroads through the sale of bonds, and the very heavy orders for equipment which have already resulted, the shares of the companies manufacturing railway equipment are well worth watching. The common stocks of these companies have mostly all risen to prices which discount a period of prosperous business, but in the preferred shares of several of these concerns there is to be found a chance for investment promising not only a reasonable degree of safety but a very satisfactory rate of income and very considerable chances of price appreciation.

—The strategic possibilities of the new Denver, Northwestern & Pacific line are being so widely discussed at the present time that particular interest attaches to the offering of Northwestern Terminal Railway Co. bonds by Plympton, Gardiner & Co., these securities being guaranteed by the parent company, the Denver, Northwestern & Pacific.

The mortgaged property consists of the following:

(1) 36.22 acres of land in the heart of the City of Denver, adjoining the terminals of the Colorado and Southern, Chicago, Burlington & Quincy, Union Pacific and Denver & Rio Grande Railroads, within three blocks of the Union Passenger Station and adjoining the center of the business district of the city.

(2) A right of way varying from ninety-two feet to 450 feet in width, being of sufficient width for from six to twenty-four tracks, extending from above 36.22 acre terminal property northward to the city line, embracing 54.49 acres. On this right of way are now land, in thoroughly substantial manner, all necessary tracks, switches, etc., to handle present volume of business, and also two new bridges across the South Platte river.

(3) A storage yard 40.57 acres in extent, just outside the city line, on which are laid all tracks now necessary for the convenient handling of traffic and completing the physical connection with the Denver, Northwestern & Pacific Railway at Utah Junction.

(4) A right of way in West Forty-sixth avenue, extending across the northwestern portion of the city from Lowell boulevard to a connection with the right of way described in paragraph two above.

On these properties are located an aggregate of 5.56 miles of track, and the three properties constitute a complete and adequate entrance to and terminals in Denver, located more conveniently than would be possible on any other location. Furthermore, real estate and railroad authorities in Denver agree that this property is the last available entrance to the city, save at a cost which would be prohibitive for many years to come.

The Terminal Company has outstanding $3,000,000 stock, all owned by the Denver, Northwestern & Pacific Railway Company, thus eliminating the possibility of any conflict of interest between the lessor and lessee and giving an additional element of strength to the bonds of the Northwestern Terminal Railway Company which i[illegible] shared by all bonds of Terminal Comp[illegible]

The Denver, Northwestern & Pacific Railway Company owns and operates 211 miles of railway extending from Denver westward through the Yampa Colorado coal fields to Steamboat Springs, Colorado. The territory reached is exceedingly resourceful and without other transportation facilities. The road is of the highest grade construction, being laid with eighty-pound rails and rock-ballasted throughout. Traffic tributary to the line consists of cattle, lumber, coal and other minerals and agricultural products.

—An interesting issue of industrial bonds are the Scullin-Gallagher Iron & Steel Co. 5½s which are being sold by the Mercantile Trust Co. of Saint Louis. The Scullin-Gallagher Co. is the largest individual steel-castings plant in the world.

Independent experts estimate the value of the property, plants and equipment at this time to be in excess of $2,500,000, or over four times the amount of first mortgage bonds issued and outstanding. The net profits of the company for the five years prior to January 1, 1910, were $541,101.98, or an average net earnings of $108,220.39 per year, which is equal to three times the interest on these $600,000 of bonds. This period includes 1908 and 1909, which were the two most unfavorable years in the history of this company. During this depressed period the company practiced the strictest economies and thereby have succeeded in reducing the cost of manufacturing very materially and, by the introduction of labor-saving machinery, the capacity of the plant has been largely increased. The capital stock of the company has just been increased from $750,000 to $1,500,000, the increase being paid for in cash, which, together with the proceeds derived from the sale of $600,000 bonds, will be used to take up the company's present floating indebtedness and to furnish sufficient additional working capital to carry on the business.

—Ball & Whicher issue each week comprehensive reviews of properties having investment possibilities. Western Maryland was recently the subject of one of these studies, the chances of the reorganized company being set forth in an interesting and authoritative manner.

Describing the traffic agreement recently entered into between the Western Maryland and the New York Central, the review goes on to say:

"The value of the alliance with the Vanderbilt system can hardly be overestimated. That great network of railroads at last get a terminus in Baltimore, and will thus be able to compete with the Pennsylvania and Baltimore & Ohio Railroads in the handling of Middle Western freight; and the Western Maryland, for the moderate sum of $10,000,000, is assured for ninety-nine years of the vast business which the New York Central will pour over the new line. Indeed, ten millions would seem a cheap price to pay solely for an entrance into Pittsburgh, so great is the volume of traffic originating in that centre of the steel industry.

"A glance at the map will show what an immense advantage will accrue to the New York Central System through the possession of a new and shorter route to tidewater. All the freight originating along its lines west of Buffalo will have access to the sea by way of the new Baltimore terminals, relieving the main line from Buffalo to New York. The haul from the Great Lakes to tide water is likewise shortened inasmuch as the distance from Ashtabula, O., to Baltimore is less than from Buffalo to New York by about forty miles."

—Effingham Lawrence & Co. are offering new Chicago & Alton R. R. five per cent. notes, a security well worth the attention of the investor looking for a short-term investment yielding a high rate of income. The issue, of which there is authorized and outstanding $2,500,000, is secured by deposit with the trustee of $3,500,000 Chicago & Alton general improvement and equipment five per cent. bonds, due March 15, 1930.

These notes are convertible into the Chicago & Alton general improvement and equipment five per cent. bonds on any interest date on thirty-days' notice; and are also callable any time after March 15, 1912, on any interest period at par.

The Chicago & Alton Railroad Company operates about 998 miles of road from Chicago to East St. Louis and various branches, and is paying four per cent. dividends on three classes of stock, amounting to $39,966,100.

Earnings for Year Ending June 30, 1909.

Gross earnings	$12,500,682
Operating expenses	7,408,598
Net earnings	$5,092,084
Net income	$5,186,101
Hire of equipment and rental, taxes, interest on bonds, dividends on guaranteed stocks, etc.	3,519,840
Surplus before paying dividends.	$1,666,261

—Judson G. Wall & Sons, New York, are offering Northern Ohio Traction first mortgage fives at one hundred.

This company's annual report for the year, ended December 31, 1909, shows earnings equal to 5.15 per cent on the $9,000,000 outstanding capital stock. This compares with an amount equal to 3.08 per cent. for 1908, and with an amount equal to 3.33 per cent. for 1907. The increase in gross earnings in 1909 was equal to fifteen per cent.; in net earnings to 22½ per cent., and in surplus after charges to sixty-seven per cent. The annual report shows a wide margin over the present dividend rate of two per cent. per annum, and it would not be surprising if the rate were increased to three per cent. before the close of 1910. The company has been paying dividends since 1906, the disbursements in the past having been 1½ per cent. in 1906, two per cent. in 1907, 1½ per cent. in 1908, and 1¾ per cent. in 1909.

These bonds are well thought of and enjoy an active market in New York and Toledo.

—The tendency of the industrial companies to come into the open investment market for capital is well shown by two issues of bonds being sold by Luther, Feist & Co., New York.

The first of these issues are six per cent. first mortgage bonds of the Vulcan Charcoal Iron & Steel Co. The plant is located at Crum Lynne, Pa., on the Delaware river. The company owns and controls patents in the United States and foreign countries covering an improved process for the manufacture of charcoal refined iron. The special feature claimed for this process is that it enables the company to manufacture the highest quality of charcoal refined iron at less cost, in larger quantities, and of far better quality than can be done by any other process.

The other bonds are first sixes of the Warwick, Barret & Shipley Company, a drygoods concern located at Charleston-Kanawha, West Va. The company has filed a written agreement under date of August 25, 1909, whereby no dividends on the capital stock of the company are to be declared or paid for a period of ten years from September 1, 1909, and all earnings and profits of the company during that time are to be used for reinvestment in and further development of its business, after proper provision has been made for the sinking fund to take up these bonds as they may mature.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to March 18, approximate yield as figured April 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1920	100⅝-100⅞	1.66
U. S. Gov., reg. 3s, 1918	102⅜-102⅞	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.95
Dist. of Columbia 3-65s	105 -107	...
Alabama 4s, July, 1956	102 -105	3.77
Colorado 4s, '22 (op. '12)	96 -100	4.00
Connecticut 3½s, Apr., '30	100 -102	3.37
Georgia 4½s, July, 1915	104½-105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	102 -103	2.87
North Carolina 6s, Apr., '19	115 -116½	3.80
South Carolina 4½s, 1933	103½-104	4.22
Tenn. New Settlement 3s, '13	94½- 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	45 - 53	6.00
Boston 3½s, 1929	94½- 95½	3.85
New York City 4½s, 1957	108 -108½	4.10
New York City 4½s, 1917	103 -103½	3.92
New York City 4s, 1959	99¼- 99¾	4.01
New York City 4s, 1955	99 - 99½	4.01
New York City 3½s, 1954	87½- 88¼	4.07
New York City 3½s, 1930	90 - 91½	4.12
New York City rev. 6s, 1910	.. -102¾	1.30
Philadelphia 4s, Jan., 1938	102 -103	3.83
St. Louis 4s, July, 1928	101 -102	3.83

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98¾- 99⅛	4.90
Am. Cig. 4s, "B" Mar. 15, '12	97½- 97⅞	5.12
Am. Locomotive 5s, Oct., '10	100 -....	...
Bethlehem Steel 6s, Nov., '10	99¼-100	6.00
"Big Four" 5s, June, '11	100½-100⅝	4.30
B. R. & P. Equip. 4½s	99¼-100½	...
C. H. & D. 4s, July, '13	97⅝- 98⅛	4.67
Diamond Match 5s, July, '12	98½-...	....
Hudson Co. 6s, Oct., '11	99½-100½	4.95
Interboro 6s, May, '11	102¾-103¼	2.70
K. C. R. & L. 6s, Sept., '12	98½- 99	6.50
K. C. R. & L. 5s, May, '13	95⅝- 96¼	6.50
Maine Central 4s, Dec., '14	99 -100	4.00
Minn. & St. Louis 5s, Feb., '11	99⅝-100	5.00
New. Orl. Term. 5s, Apr., '11	100 -101½	3.45
N.Y.C. Equip. 5s, Nov., '10	100¼-100½	4.15
N.Y.C. Equip. 5s, Nov., '12	101½-102	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.N.H.&H. 5s, Jan., '11	100½-101	3.65
N.Y.N.H.&H. 5s, Jan., '12	101⅝-101⅞	3.93
Norf. & West. 5s, May, '10	100 -100¼	...
No. American 5s, May, '12	99½-100½	4.72
St. L. & S. F. 4½s, Feb., '12	97¾- 98¼	5.25
St. L. & S. F. 5s, Jan., '11	100½-100⅞	4.40
Southern Ry. 5s, Feb., 1913	98¼- 98⅝	5.45
Tidewater 6s, June, '13	101⅞-102½	5.20
Westinghouse 6s, Aug., '10	100⅝-100⅞	4.10
Wood Worsted 4½s, Mar., '11	99⅝-100	4.50
Western Tel. 5s, Feb., 1912	99⅝- 99⅞	5.2[illegible]
Chic. & Alton 5s, Mar. 15, '13	98⅝- 99⅛	5.95

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Ann Arbor, pref.	70	75
Arkansas, Oklahoma & Western	5	10
Atlanta & West Point	170	180
Atlantic Coast Line of Conn	245	260
Buffalo & Susquehanna, pref	12	15
Central New England	8	15
Central New England, pref	20	28
Chicago, Indianapolis & Louisville	50	56
Chicago, Ind. & Louisville, pref	63	68
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref	65	75
Cincin., N. O. & Tex. Pac	118	125
Cincin., N. O. & Tex. Pac., pref	103½	108
Cincinnati Northern	45	50
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref	103	110
Delaware	78	...
Des Moines & Ft. Dodge, pref	78	85
Detroit & Mackinac	35	45
Detroit & Mackinac, pref	88	94
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	25	33
Georgia, South. & Flor., 1st pref	95	98
Georgia, South. & Flor. 2d pref	75	77
Huntington & Broad Top	..	8
Huntington & Broad Top, pref	25	30
Kansas City, Mexico & Orient	21	24
Kansas City, Mex. & Orient, pref	28	33
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref	33	38
Maine Central	200	210
Maryland & Pennsylvania	20	25
Michigan Central	160	...
Mississippi Central	39	42
Northern Central	123	130
Pitts., Cin., Chic. & St. L., pref	100	112
Pittsburg & Lake Erie	250	350
Pittsburg, Shawmut & Northern	..	1
Pere Marquette	33	36
Pere Marquette, 1st pref	60	64
Pere Marquette, 2d pref	41	43
St. Louis, Rocky Mt. & Pac., pref	45	55
Seaboard Company	24	26
Seaboard 1st pref	77	...
Seaboard, 2d pref	42	46
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref	60	70
Texas Central	40	45
Texas Central, pref	75	85
Virginian	23	26
Vandalia	85	...
Williamsport & North Branch	1	3

GUARANTEED BONDS.

[Corrected to March 17.]

Quoted by White & Co., bankers, dealers in investment securities, 25 Pine St., New York.

RAILROADS.

	Bid.	Asked.
Ala. Midland 1st 5s, 1928	107	108½
Big Sandy Ry. Co. 1st 4s, 1944	87⅜	89½
Cent. Br. (Mo. Pac.) 1st 4s, 1919	94⅜	95
Cent. Vt. Ry. 1st 4s, 1920	86	89
Chatt. & Gulf R. R. 1st 5s, 1930	..	...
Chic. & Erie R. R. 1st 5s, 1982	113	115
Chic. Ind. South. R. R. 4s, 1956	93¾	94
Cleve. Term. & Val. 1st 4s, 1995	94	95¾
Dallas & Waco Ry. 1st 5s, 1940	105	107
Des M. & Ft. Dodge 1st 4s, 1935	88½	91¼
Detroit & Tol. Line, 1st 4s, 1953	86	91½
Easton & Amboy 1st 5s, 1920	107¼	109¾
Elmira, Cort. & Nor. 1st 6s, 1914	102	...
El Paso & Rk. Island 1st 5s, 1951	102	107
Fla. West Shore Ry. 1st 5s, 1934	98	99
Ga., Caro. & Nor. 1st 5s, 1929	105¼	106
Gila Val., Globe & N. 1st 5s, 1924	103½	105
Ind., Dec. & West'n 1st 5s, 1925	107¼	107¾
Kans. & Colo. Pac. 1st 6s, 1938	108	109
Keo. & Des Moines 1st 5s, 1923	103	105
Long Island 4s, 1949	97½	98
Louis. & Jeff. B'dge Co. 1st 4s, 1945	90	93
Md., Del., Va. Ry. 5s, 1955	100	101
Miss. Cent. R. R. 1st 5s, 1949	..	95
Mo., Kan. & East. 1st 5s, 1942	110⅝	111
Mo., K. & T. of Tex. 1st 5s, 1942	104½	105½
Northern Ohio Ry. 1st 5s, 1945	108	109
Ogd. & Lk. Champ. 1st 4s, 1948	90	91
Ozark & Cherokee C. 1st 5s, 1913	97	98
Pens. & Atl. Div. 1st 6s, 1921	107	111
Peoria & Eastern 1st 4s, 1940	94	94½
Pitts., Bess. & Lake Erie 5s, 1947	114	116
Pitts., Shen. & L. Erie 1st 5s, 1940	113½	114¾
Pitts. S. & L. E. con. 1st 5s, 1943	113½	...
Pitts., V., & Char. 1st 4s, 1943	98	100
Rio Grande Junction 1st 5s, 1939	104	106
San An. Aran. Pass. 1st 4s, 1943	87	88
S. F., Pres. & Phoe. 1st 5s, 1942	109½	111
Sham., Sun. & Lwsbg. 1st 5s, 1912	102	...
Sherm., Shrev. & So. 1st 5s, 1943	103	...
South Bound R. R. 1st 5s, 1941	105	...
South. & Nor. Ala. R. R. 5s, 1936	111	114
Southern Pac. R. R. 1st 4s, 1955	95⅛	95¼
Terre Haute & Peo. 1st 5s, 1942	109	111
Texas & Okla. R. R. 1st 5s, 1943	105½	106½
Toledo Term. R. R. 1st 4½s, 1957	93	95
Vera Cruz & Pac. 1st 4½s, 1934	92½	93
Western Pac. Ry. 1st 5s, 1933	97	97¼
Wtn. Ry. Co. of Ala. 1st 4%s, 1918	99	101
Wilks. & East. R. R. 1st 5s, 1942	101	105½

MISCELLANEOUS.

	Bid.	Asked.
Birm. Term. Co. 1st 4s, 1957	88	90
Boonville R. R. Bdg. Co. 1st 4s, 1951	..	...
Bry. & 7th Ave. 1st 5s, 1943	100	101½
Cin. Gas Trans. Co. 1st 5s, 1933	95	97½
Clairton Steel Co. Ser. 5s to 1913	..	...
Conn. Ry. & Lt. Co. 1st 4½s, 1951	101	102
Dawson Ry. & Coal Co. 5s, 1951	..	...
De Bard. Coal & Iron 1st 6s, 1910	..	...
Ga. & Ala. Term. Co. 1st 5s, 1948	102	104
Ind. Nat. Gas & Oil 1st 5s, 1936	87½	90
Madison R. Power Co. 1st 5s, 1935	97	99½
M. City (Ind.) G. & L. 1st 5s, 1937	92	96
Minn. St. Ry. & St. Paul City Ry. Co. 5s, 1928	105½	106½
Nassau Elec. R. R. 4s, 1951	78½	80
New Or. Term. Co. 1st 4s, 1953	80	86
O. & C. B. Ry. & B. Co. 1st 5s, 1928	..	...
Peoria Ry. Term. Co. 1st 4s, 1937	80	82
Pitts. Coal Co. of Pa. 1st 5s, 1954	105¼	106
Prov. Securities Co. 4s, 1957	85½	87
Puget Sound Pwr. Co. 1st 5s, 1933	..	...
Syracuse (N. Y.) Gas 1st 5s, 1946	101½	103
Trenton Gas & El. Co. 1st 5s, 1949	105	106½
Trenton, Pennington & Hopewell St. Ry. 1st 5s, 1943	95	...
Union Steel Co. 1st 5s, 1952	104½	105
Washington Term. Co. 1st 4s, 1945	100½	102
Wash. Term. Co. 1st 3½s, 1945	90	93⅝

GUARANTEED STOCKS.

[Corrected to February 24.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 5 Nassau St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So. R.R.)	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)	99	102
Boston & Lowell (B. & M.)	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.)	227	...
Boston & Providence (Old Colony)	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)	115	125
Cayuga & Susquehanna (D. L. & W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)	174	178
Cleveland & Pittsburg Betterment	100	104
Columbus & Xenia (Pa. R. R.)	200	206
Commercial Union (Com'l C. Co.)	110	120
Com'l Union of Me. (Com'l C. Co.)	110	...
Concord & Montreal (B. & M.)	170	...
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)	180	...
Delaware & Bound B. (Phila. & R.)	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	280	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)	235	245
Erie & Pittsburg (Penn. R. R.)	150	160
Franklin Tel. Co. (West. Union)	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142

	Bid.	Asked.
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	257
Gold & Stock Tel. Co. (W. U.)	108	...
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	95
Inter. Ocean Telegraph (W. U.)	95	105
Illinois Cen. Leased Lines (Ill. Cen.)	99	102
Jackson, Lans. & Saginaw (M. C.)	90	95
Joliet & Chicago (Chic. & Al.)	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	79	81
K. C. St. L. & C. pfd. (Chic. & Al.)	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.)	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	123
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	184	...
Nashville & Decatur (L. & N.)	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	198	202
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.)	200	...
Ogden Mine R.R. (Cen. R.R. of N.J.)	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)	220	230
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C. R. I. & P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	124	128
Saratoga & Schnectady (D. & H.)	168	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	172	...
Twenty-third St. R. R. (M. S. R.)	..	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.)	250	254
Valley of New York (Del. L. & W.)	123	128
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (Del. Lack. & W.)	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to March 17.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	61	68
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock	....	120	135
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s..1914	J&N	99	100½
Col & 9th Av 1st 5s...1993	M&S	97	100
Christopher & 10th St	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52
42d St M & St N Av 6s.1910	M& S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	97	99
Second Av Ry stock	....	14	17
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	55	60
Sixth Av Ry stock	....	120	135
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100½	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	70	85
Central Union Gas 5s..1927	J&J	100½	101½
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	100¼	101¼
N Y & E R Gas 1st 5s.1944	J&J	102	104
N. Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	101
Standard Gas Light 5s.1930	M&N	100	103
Westchester Light 5s.. 1950	J&D	102½	106
Brooklyn Ferry Gen 5s.1948	....	24	27½
Hoboken Fy 1st Mtg 5s.1946	M&N	105½	107
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	97	99
N Y & East River Fy	Q M	34	39
10th & 23d St Ferry	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	30	32
Union Ferry 1st 5s....1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to March 17.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F., com.	92	94
American Brake Shoe & F., pref.	130	135
American Brass	122	127
American Chicle, com.	226	231
American Chicle, pref.	102	107
American Coal Products	96	97
American Gas & Electric com.	50	52
American Gas & Electric pref.	43	46
Adams Express	260	285
American Express	287	294
American Light & Traction com.	293	298
American Light & Traction pref.	104	107
American District Tel. of N. J.	47	50
Babcock & Wilcox	100	103
Borden's Condensed Milk com.	116	118
Borden's Condensed Milk pref.	105	107
Bush Terminal	63	68
Conn. Ry. & Ltg. com.	76½	78¼
Conn. Ry. & Ltg. pref.	79	82
Cripple Creek Central com.	20	30
Cripple Creek Central pref.	45	49
Del., Lack. & Western Coal	232	242
Du Pont Powder com.	133	137
Du Pont Powder pref.	84	87
E. W. Bliss com.	132	140
E. W. Bliss pref.	128	135
Empire Steel & Iron com.	13	20
Empire Steel & Iron pref.	77	82
Hudson & Manhattan com.	19	24
International Nickel com.	148	153
International Nickel pref.	88	92
International Silver com.	70	...
International Silver pref.	112	115
Int. Time Recording com.	80	100
Int. Time Recording pref.	100	103
Kings Co. E. L. & P.	117	122
Lackawanna Steel	44	49
Oil Fields of Mexico	89	94
Pacific Gas & Electric com.	55	57
Pacific Gas & Electric pref.	86	89
Phelps, Dodge & Co.	225	250
Producers Oil	140	150
Royal Baking Powder com.	175	185
Royal Baking Powder pref.	107	110
Safety Car Heating & Lighting	130	133
Sen Sen Chiclet	125	130
Singer Manufacturing	565	595
Standard Coupler com.	31½	35
Texas (Oil) Company	195	205
Texas & Pacific Coal	100	104
Tri-City Railway & Light com.	25	27
Tri-City Railway & Light pref.	92½	95
U. S. Express	121	127
U. S. Industrial Alcohol com.	17	22
U. S. Industrial Alcohol pref.	86	88
Union Typewriter com.	59	64
Union Typewriter 1st pref.	114	117
Union Typewriter 2d pref.	113	116
Virginian Railway	20	24
Wells Fargo Express	181½	183
Western Pacific	22	27
Worthington Pump pref.	108	111

ACTIVE BONDS.

[Corrected to March 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Foundries 4s, 1923	72½	75½
Amer. Steel Foundries 6s, 1935	102½	105
Balt. & Ohio, Southwest. Div. 4½s	90¼	91½
Bethlehem Steel 5s	87	88
Chi., Burlington & Quincy Gen. 4s	99¼	99⅝
Chi., Burl. & Quincy Ill. Div. 4s	99⅞	100⅜
Chi., Burl. & Quincy Ill. Div. 3½s	88¼	89
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s	93⅝	94¼
Louis. & Nashville unified 4s	98½	99¼
Mason City & Ft. Dodge 4s	85¼	86⅝
Norfolk & West. Divisionals 4s	92¾	93½
Savannah, Florida & Western 6s	124	130
Va. Carolin Chem. 1st 5s	98	99
Western Maryland 4s	85	86
Wheeling & Lake Erie cons. 4s	85	86
Wis. Central, Superior & Duluth 4s	93¼	93⅞
Western Pacific 5s	96⅞	97⅜

COAL BONDS.

[Corrected to March 17.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	94	96
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95½	97½
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	95	97½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	85	89
Sunday Creek Co. Coll. Tr. 5s, 1944	63	67

	Bid.	Asked.
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	90	94
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to March 17.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932	97	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative	99	103
Guanajuato Power & El. Co. Com.	24	27
Arizona Power Co., bonds 6%, due 1933	87	93
Arizona Power Co. Pref.	46	50
Arizona Power Co. Com.	25	27
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	54	55
Western Power Co. Com.	34	35
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref. 6%	75	...
Mobile Electric Co. Com.	20	...
Amer. Power & Lt. Co Pref., 6%	82	83
Amer. Power & Lt. Co. Com.	43	46

FOREIGN & MUNICIPAL BONDS.

[Corrected to March 17.]

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Consols 3½s	93½	94½
German Consols 3s	84¼	85¼
Prussian Government 4s	101¾	102¾
Bavarian Government 4½s	101½	102½
Hessian Government 3½s	92¼	93¼
Saxony Government 3s	84	85
Hamburg Government 3s	82¾	83¾
City of Berlin 4s	100¼	101¼
City of Cologne 4s	100¼	101¼
City of Augsburg 4s	100¼	101¼
City of Munich 4s	100¼	101¼
City of Franfurt a-M. 3½s	93	94
City of Vienna 4s	96	97
Mexican Government Gold 5s	101½	102½
Russian Government Gold 4s	92½	93½
French Government Rente 3s	97¾	98¾
British Consols. 2½s	80½	81½

BANK AND TRUST COMPANY STOCKS.

[Corrected to March 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	...	180
Amer. Exchange Nat. Bk.	10	245	255
Bank of America	26	630	...
Bank of the Manhattan Co.	12	325	...
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	320	330
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	120	130
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	155	165
Century Bank	6	160	175
Chase National Bank	6	435	...
Chatham National Bank	16	320	...
Chelsea Exchange Bank	8	200	...
Chemical National Bank	16	440	455
Citizens Central Nat. Bk.	6	162	167
Coal & Iron Nat. Bank	6	145	150
Colonial Bank	10	390	...
Columbia Bank	12	325	350
Corn Exchange Bank	16	320	330
East River Nat. Bank	6	110	125
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4330	...
Fifth National Bank	12	300	...
First National Bank	32	900	925
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	200	207
Gallatin National Bank	12	330	345
Garfield National Bank	12	300	...
German-American Bank	6	135	...
German Exchange Bank	20	450	...
Germania Bank	20	500	...
Greenwich Bank	10	250	265
Hanover National Bank	16	635	650
Importers' & Traders Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	170	180
Liberty National Bank	20	625	650
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	255	265
Mechanics & Metals Nat. Bank	12	270	275
Mercantile Nat. Bank	6	160	170
Merchants Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	180	186
Metropolitan Bank	8	195	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	230	...
Nat. Bk. of Commerce	8	220	225
Nat. Butchers & Drovers'	6	140	150
National City Bank	10	405	415
National Park Bank	16	470	480
National Reserve Bank	..	...	130
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	800	...
N. Y. Produce Ex. Bank	8	172	...
Night & Day Bank	..	220	250
Nineteenth Ward Bank	15	...	375
Northern Bank	6	...	100
Pacific Bank	8	230	240
People's Bank	10	270	290
Phenix National Bank	6	195	...
Plaza Bank	20	605	630

	Div. Rate.	Bid.	Asked.
Seaboard National Bank...	10	400	...
Second National Bank	12	400	...
Sherman National Bank...	..	140	...
State Bank	10	300	...
Twelfth Ward Bank	6	...	160
Twenty-Third Ward Bk....	6	160	...
Union Ex. Nat. Bank......	10	185	195
West Side Bank	12	500	...
Yorkville Bank	20	502	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	370	380
Bankers' Trust Co.	16	665	680
Broadway Trust Co.	6	145	155
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	...	145
Citizens Trust Co.	..	130	...
Central Trust Co.	36	1000	1030
Columbia Trust Co.	8	300	325
Commercial Trust Co.	..	120	...
Empire Trust Co.	10	300	...
Equitable Trust Co.	20	490	500
Farmers' Loan & Trust Co. (par $25)	50	1790	1812
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	20	800	815
Guardian Trust Co.	..	175	...
Hamilton Trust Co.	10	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	170	...
International Bank'g Corp.	..	108	...
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co....	..	305	315
Lawyers' Mortgage Co.	12	255	260
Lawyers' Title Insurance & Trust Co.	12	285	295
Lincoln Trust Co.	..	145	160
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	500	535
Mutual Alliance Trust Co..	..	130	140
Nassau Trust Co.	8	170	...
National Surety Co.	8	250	...
N. Y. Life Ins. & Trust Co.	45	1100	...
N. Y. Mtg. & Security Co..	12	205	215
New York Trust Co.	32	650	675
People's Trust Co.	12	285	...
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	400	425
Title Guar. & Trust Co.....	20	526	530
Trust Co. of America	10	360	375
Union Trust Co.	50	1350	1375
U. S. Mtg. & Trust Co.....	24	470	485
United States Trust Co....	50	1250	1275
Van Norden Trust Co.....	12	...	225
Washington Trust Co.	16	360	380
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	152
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	230
First National Bank	12	371
Fourth National Bank	7	172
Merchants National Bank	10	264
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton..	6	102
Nat. Rockland Bank, Roxbury....	8	167
National Shawmut Bank	10	351
National Union Bank	7	210½
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127
People's National Bank, Roxbury..	6	125
Second National Bank	10	259¼
South End National Bank	5	104½
State National Bank	7	183¾
Webster & Atlas National Bank...	7	186¾
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	137½
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	750½
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank ...	..	150	...
City National, Evanston...	12	315	...
Commercial National Bank.	12	227	229
Continental National Bank.	8	281	284
Corn Exchange Nat. Bank.	12	428	434
Drovers Deposit Nat. Bank.	10	223	...
First National Bank	20	483	487
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank..	8	189	194
Hamilton National Bank...	5	135	138
Live Stock Exchange Nat. Bank	10	241	247
Monroe National Bank	4	130	138
Nat. Bank of the Republic.	8	200	202
National City Bank	6	224	226
National Produce Bank ...	..	138	143
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank..	..	...	112
Austin State Bank	10	285	...
Central Trust Co.	7	158	159
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	148
Citizens Trust Co.		100	111
Colonial Tr. & Sav. Bank .	10	195	199
Drexel State Bank	8	153	158
Drovers Tr. & Sav. Bank...	8	175	180
Englewood State Bank	6	114	116
Farwell Trust Co.	..	119	123
Hibernian Banking Assn...	8	215	218
Illinois Tr. & Sav. Bank..	16-4ex.	507	518
Kasper State Bank	10	200	...
Kenwood Tr. & Sav. Bank.	7	130	...
Lake View Tr. & Sav. Bk.	5	133	137
Merchants Loan & Tr. Co..	12	426	430
Metropolitan Tr. & Sav. Bk.	6	120	124
Northern Trust Co.	8	320	323
North Avenue State Bank..	6	137	140
North Side State Bank....	6	126	...
Northwest State Bank	..	114	117
Northwestern Tr. & Sav. Bk.	6	138	142
Oak Park Tr. & Sav Bank.	12	306	312
Peoples Stock Yards State Bank	..	189	...
Prairie State	8	250	...
Pullman Loan & Tr. Bank.	8	158	...
Railway Exchange Bank...	4	125	...
Security Bank	..	167	172
Sheridan Tr. & Sav. Bank.	..	112	115
South Chicago Sav. Bank..	6	144	148
State Bank of Chicago ...	12	335	338
State Bank, Evanston	8	274	281
Stockmen's Trust Co.	..	113	115
Stock Yards Savings Bank.	6	...	215
Union Bank	..	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank.	6	160	...
Western Trust	..	154	157
Woodlawn Trust	..	135	138

COMPETITION IN TELEGRAPHIC SERVICE.

Commercial Cable Company and Postal Telegraph Company Preserve Their Independence.

> "The Postal Telegraph Company will be the last competitor in telegraphy, and when that competition ceases there will be a choice only between monopoly and Government ownership."
>
> CLARENCE H. MACKAY.

WHEN announcement was made a short time ago that the Mackay companies would sell their holdings of American Telephone and Telegraph stock, it became apparent that the policy of independence upon which the Commercial Cable Company and the Postal Telegraph Company were originally founded is to be steadily maintained.

Evidence of the purpose of the Mackay companies to remain independent of any combination was afforded by the following statement in the Annual Report of the Mackay Companies issued February 15, 1910:

"The Mackay companies will sell its entire holding of stock in the American Telephone & Telegraph Company, that step being in deference to public opinion, which views with suspicion this large holding of stock in a company which has recently purchased the control of the Western Union Telegraph Company. Moreover, that stock was acquired by the Mackay companies with a view to bringing about economies in the construction and maintenance of joint pole lines over long stretches of country where the business was not sufficient to justify either company constructing independent pole line by itself. Many such arrangements were made, each company owning one-half of the pole line but having nothing to do with the business of the other company. Since, however, the American Telephone & Telegraph Company has acquired control of the Western Union Telegraph Company the time has come for the Mackay companies to sell its holdings of stock in the American Telephone & Telegraph Company, and that will be done.

"The Postal Telegraph system will continue to be free and independent, prepared to maintain the competition which it has furnished for twenty-five years."

This was followed by an announcement on February 23 by Mr. Mackay as follows:

"The Mackay companies have sold their entire holdings of stock in the American Telephone & Telegraph Company. A large part of the money at least will be used to extend and strengthen the land and ocean systems."

Next to the railways, the telegraph forms a means of communication more vital to the country's business prosperity and social welfare than is afforded by any other instrumentality.

Whatever, therefore, tends to perfect its service and to cheapen its cost is of the greatest concern.

Theoretically, when any combination fails to give good service or keeps prices above a reasonable point, capital, ever watching for an opportunity for profit, steps in and competes for the public's favor. That theory may not always receive such practical illustration as was given in the organization of the new cable company, in 1883.

The first Atlantic cable began operations on August 16, 1858. A year later the construction of the French-Atlantic cable brought rates down from £1 a word to £1 10s. for ten words. Though new lines of cable were laid from 1869 to 1882, combinations as to rates kept the cost of submarine telegraphing far above a point it was destined to reach soon after the last-named date.

In 1883 John W. Mackay, the well-known "Bonanza King" of California, and James Gordon Bennett, proprietor of the New York *Herald,* organized the Commercial Cable Company, and in a letter to the newspapers Mr. Mackay made this announcement: "We have no intention of entering into any agreement or coalition whatever with the existing companies. We are in a position to take our stand and defy all attempts at coercion. In founding this trans-Atlantic cable company, we are of the opinion that the time had come to give the public, on a permanent basis, a somewhat cheaper and at the same time a thoroughly reliable and prompt cable service."

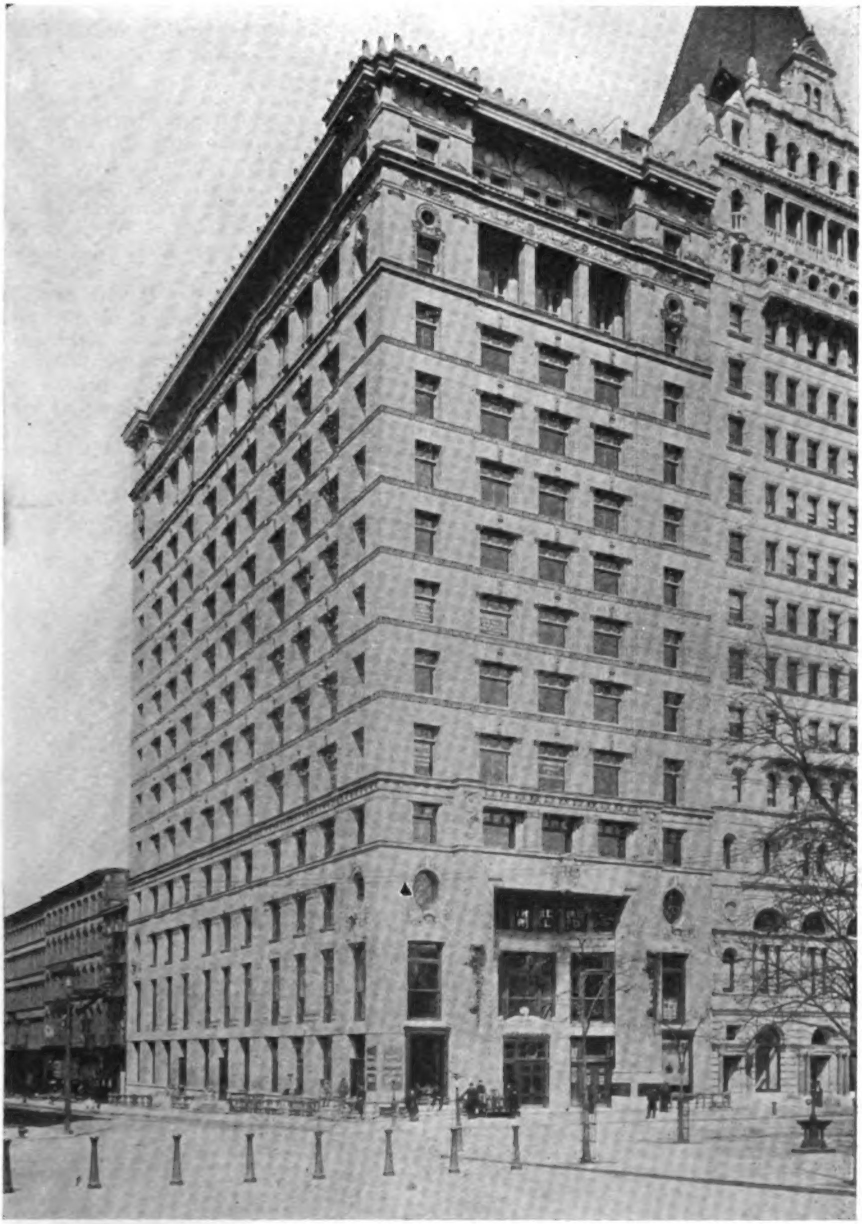
On December 24, 1884, the cables were opened for public use, at a twenty per cent. reduction in rates—from fifty cents to forty cents a word.

Things went along smoothly enough until April, 1886, when the competitors of the Commercial Cable Company began a rate war, reducing the rate from forty cents to twelve cents a word. At first the Commercial company met the attack by a reduction to twenty-five cents a word, and was able by its excellent service to do a large business though charging more than double the cut rate of its rivals. In September, 1887, the twelve-cent rate was met. The rate war lasted two years and five months, the Commercial gaining a decided victory, maintained its independence and gave the public a superior service through keen competition at a twenty-cent rate, saving the people hundreds of thousands of dollars annually.

In December last the Commercial Cable Company celebrated its twenty-fifth anni-

CLARENCE H. MACKAY

President: The Mackay Companies, Postal Telegraph-Cable Company and Commercial Cable Company.



Home Offices: Postal Telegraph and Commercial Cable Companies, Postal Telegraph Building, Broadway and Murray Streets, New York.

versary by giving a dinner to the officers of the Commercial and Postal companies and as many of the operating staff as could be spared from duty. At this dinner, President Clarence H. Mackay and Vice-President and General Manager George Gray Ward, gave interesting accounts of the company's progress.

Some Landmarks in the Company's History.

The first trans-Atlantic cable laid by this company was completed on July 20, 1884, the cable from Nova Scotia to Rockport, Cape Ann, Mass., having been completed shortly before that date. The landing places selected as stations for the com-

pany's trans-Atlantic cables were Waterville, Ireland and Dover Bay, Nova Scotia.

On October 9 the laying of a second trans-Atlantic cable was completed, and on October 18 the cable from Nova Scotia to

GEORGE GRAY WARD

Vice-President and General Manager Commercial Cable Company.

New York city was successfully laid, thus forming the first all-cable route between New York city and Europe.

The enthusiasm over the success attained was dampened by the fact that first one and then the other oı the main cables became interrupted owing to their having been laid on unsuitable ground. These cables were repaired in December, 1884.

The New York-Canso cable was the first submarine cable landed and operated in a large city, and it has proved a boon to the business people on many occasions, notably the blizzard in 1888, when all communication to places outside of New York city was entirely interrupted except by this cable.

At the time this cable was landed the prediction was made that a cablegram could be transmitted between New York and London inside of three minutes. That prophecy seemed at the time too sanguine to some, but it has been fulfilled and, in fact, the time has been very materially reduced.

On December 24, 1884, the cables were opened for public use, at a twenty per cent. reduction, from fifty cents to forty cents per word and from the first were well patronized. The first paid message that passed over the line from America was sent by Mr. J. C. Reiff, of Woerishoffer & Company, and he has always been proud of the fact.

Sometimes the cables meet with accidents, and to be prepared at all times to restore interrupted communication without undue delay, the cable ship "Mackay-Bennett" was contracted for, and launched in 1883, and was put into commission in the winter of 1884.

February 1, 1885, the cable between Waterville and Havre was opened for business, thus establishing direct cable communication with France.

EDWARD J. NALLY

Vice-President and General Manager Posts Telegraph-Cable Company.

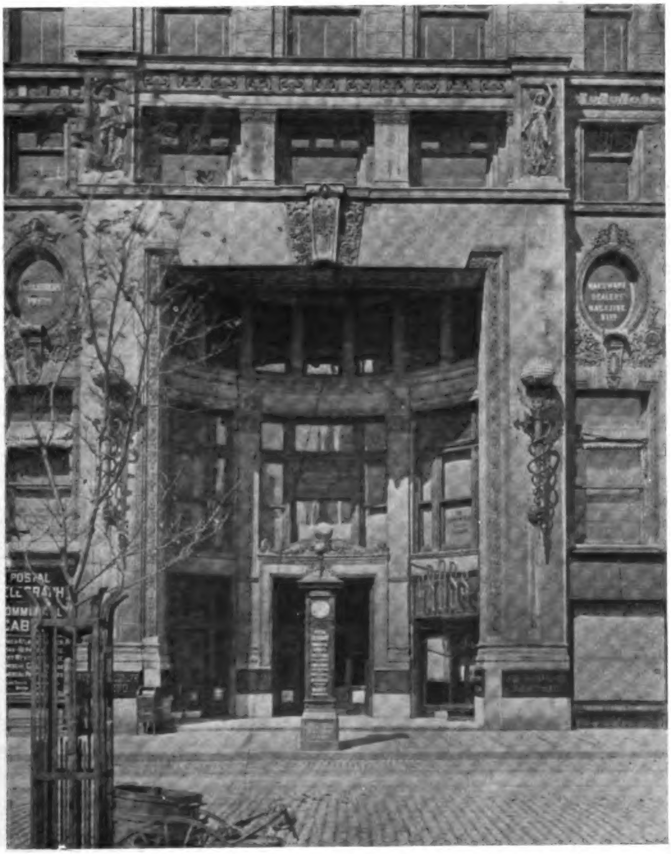
June 26, 1885, the first cable was laid between Waterville and Weston-Super-Mare, England, establishing direct cable communication with England, greatly adding to the reliability of the company's service.

Growth of the Postal Telegraph System.

Land lines were gradually acquired throughout the United States, rebuilt and organized into the great Postal Telegraph system, which with its connections now comprises over 330,000 miles of wire. A connection was also established at Canso, Nova Scotia, with the Canadian Pacific Railway Telegraphs, the largest telegraph system in Canada.

with its strength and when the two German cables were laid in 1900 and 1904 they were brought into the New York office and operated through the successful business relations arranged with the German enterprise.

In 1901 a second cable was laid from Waterville to Weston-Super-Mare, England, affording an adequate, up-to-date cable and telegraph system in the Atlantic and United States and Canada respectively.



Postal Telegraph Building—Main Entrance.

In 1894 was laid the third cable between Canso and Waterville.

In 1901 the Canso-Azores-Waterville cables were laid, completing the company's fourth trans-Atlantic route to Europe and establishing connection with the great systems of the Eastern and Western Telegraph Companies at the Azores. An additional cable between Canso and New York city was also laid the same year.

For many years the Commercial Cable Company was unjustly discriminated against in its efforts to secure traffic in Germany, but the company's prestige grew

Activities Shifted to the Pacific.

The Commercial company now turned its attention to the Pacific. There had been considerable governmental agitation for an American Pacific cable; and for years the matter was debated in Congress. Private interests offered to lay the cable conditional upon receiving a large annual subsidy. When finally Mr. John W. Mackay agreed to lay the cable without subsidy or guarantee of any kind, strong and influential opposition had to be overcome. But Mr. Mackay finally conquered, and in 1902-3 the

Commercial Pacific cables between San Francisco, Honolulu, Midway Islands, Guam, and the Philippines were laid, and the long cherished desire of the Government and public was realized.

When the Commercial Cable Company laid its fourth trans-Atlantic cable, there was a sufficient margin of facilities available to make it doubtful whether any further cable facilities would be required for many years to come, but only four years elapsed before another cable was found necessary, and in 1905 the company's fifth trans-Atlantic cable was laid, and announcement was made quite recently that in view of the public demand for increased cable facilities and greater speed of transmission the Commercial Cable Company will proceed at once to lay an additional trans-Atlantic cable. This will be the sixth cable which the Commercial Cable Company will own between Europe and America, and will greatly accelerate the trans-Atlantic cable service.

In 1906 the Commercial Pacific extensions to China and Japan were made.

ALBERT B. CHANDLER

Chairman Board Directors Postal Telegraph-Cable Company.

Col. Albert B. Chandler, Chairman, Board of Directors, Postal Telegraph-Cable Company, was born in Randolph, Vermont, on August 20, 1840. He was one of President Lincoln's confidential telegraph operators during the terrible times of the Civil War. In the early eighties the Bankers' and Merchants' and the American Rapid Telegraph Companies were wrecks, and the Western Union supreme. At that time he was invited by the late John W. Mackay to construct a competing telegraph system in connection with his Atlantic cables. Col. Chandler did so in the face of apparently insurmountable difficulties. Infinite patience and pains, together with his sterling New England qualities of honesty and steadfastness and thorough mastery of his work, enabled him to weave a network of telegraphs throughout the country. When he withdrew from active management a few years ago, he had the gratification of knowing that he was the only man who had ever built up a comprehensive and successful competitive system of telegraphs in the United States.

Extension to Cuba.

For some years the company had been endeavoring to extend its system to Cuba, but was prevented from doing so by other

CHARLES C. ADAMS

2nd Vice-President Postal Telegraph-Cable Company.

interests which held an extensive monopoly of the telegraph privileges on that island. This monopoly expired in 1907, however, and a cable was at once laid from New York direct to Havana. The introduction of competition again resulted in a much improved service and a large traffic.

Commercial Cable Building, 20 Broad Street, New York.

S. S. DICKINSON

Vice-President Commercial Cable Company.

The Commercial company's present systems in the Atlantic and Pacific comprise 28,379 miles, compared with 6,922 miles in 1885, a development of over four hundred per cent.

During the past year the two 1884 trans-Atlantic cables were diverted from a point in the Atlantic known as the Flemish Cap into St. Johns, Newfoundland, and a cable from St. Johns to New York was also laid, and a second cable from St. Johns to New York already partially laid will be completed in due course. The diversion of these two cables removes them from dangerous locations, shortens their length and gives a practical transmitting speed between New York and Europe faster than the speed of any other trans-Atlantic cable route.

MAINTAINING COMPETITION.

President Clarence H. Mackay in replying to the address of Vice-President Ward, at the anniversary dinner already mentioned, made this positive declaration regarding the benefits of the competitive service established and maintained by the Commercial Cable Company:

"Wherever the arm of the Commercial Cable Company has stretched forth, whether in the Atlantic, Pacific or Cuban waters, invariably there has followed a reduction of rates, better facilities and better service. If ever there should exist any doubt in the mind of the public as to the benefits of competition, one has only to take what I have just stated as an example."

From the organization of the Postal Telegraph Company in 1886, the actual benefits of this competition became strikingly apparent, as may be seen from the accompanying table of rates, showing the rates prevailing before the Postal company came into the field, and the present rates:

		Present rate.
New York and Arkansas	$1.00	$0.60
New York and California	1.50	1.00
New York and Colorado	1.25	.75
New York and Idaho	1.50	1.00
New York and Kansas	1.00	.60
New York and Louisiana	1.00	.60
New York and Minnesota	1.00	.60
New York and Montana	1.50	.75
New York and Nebraska	1.00	.60
New York and N. Carolina	.75	.50

In other words, the competition of the Postal Telegraph Company has caused a reduction of from twenty to fifty per cent. of the rates prevailing in the early eighties.

CHARLES P. BRUCH

3rd Vice-President Postal Telegraph-Cable Company.

Midway Station of Commercial Cable Co., Midway Islands.

The story of the hardships endured and th dangers faced in the truceless fight against the elements by men whose lives are devoted to the telegraph service, would, if fully told, fill volumes, and its thrilling incidents would surpass in vital interest any tale of adventure and daring ever written.

In mid-Pacific, a thousand miles from the nearest civilization, and out of the track of vessels, is a coral atoll scarcely three square miles in extent. It's white sands gleam in the glare of the tropic sun, and are soaked with salt spray driven by the merciless storms that sweep those lonely seas. Fancy living on such an island, wholly dependent upon infrequent supply ships for every necessary of life, ever on the alert and prepared to defend with arms; and without news, save for meagre items gained in intervals when for a moment the passing stream of meaningless code messages ceases to flow over a fragile copper thread.

And yet this is what a little company of men are now doing in order that communication between the Far West and the Far East may be unbroken. There is no other way; no other available spot for the necessary repeating station could be found.

And by the construction of new lines, the purchase of others, and by the efficiency of its organization, it has greatly perfected the telegraph service.

A Free and Independent Telegraph Organization.

As to the past and future policy of the Postal and Commercial companies, the following extracts from the testimony of Clarence H. Mackay given January 21, 1910, before a committee of the Legislature of the State of New York appointed to consider the question of whether the telegraph and telephone companies should be placed under the Public Service Commission Law, will be found instructive:

"Knowing the vital interest of the public in the maintenance of competition, I wish to make the statement that the Postal company has been free and independent from the time of its organization in 1886 and proposes to remain so. It has not the slightest influence or control over the American Telephone & Telegraph Company, or

Station of Commercial Cable Company, Island of Guam.

the Western Union Telegraph Company. It took no part in the recent purchase of the Western Union Telegraph Company by the American Telephone & Telegraph Company, and was not consulted and knew nothing about it until after it had been accomplished. The Postal company will now have to compete with both of them instead of competing with the Western Union alone, as heretofore. The recent statements in the press that the change of name of the Postal Telegraph-Cable Company to Transcontinental Telegraph Company is a part of the combination is incorrect. Confusion has resulted from the fact that we have a company known as the New England Telegraph Company, while the Bell telephone interests have a company known as the New England Telephone & Telegraph Company, with which company we have nothing whatsoever to do. We are proceding now to change the name of our company, the New England Telegraph Company, to Postal Telegraph-Cable Company, so that the business may continue to be done in the Postal name. I would again say that there has never been a time in the history of the Postal Company that it has not competed, and that competition will continue. We shall not take part in the combination and we feel confident that we shall be able to retain our telegraph business, and even to increase it gradually, by extensions and by good service.

"We are gradually forcing our way and are building new lines to keep pace with the development of the country. During this past fall we built an entirely new pole line on a new route from Sacramento, California, to Reno, Nevada, crossing the Sierra Nevada mountains, and for many months past we have been trying to make progress in condemnation proceedings to acquire a right of way eastward from Reno to Salt Lake City, and as soon as we do acquire that right of way, we shall at once build that line across the Great American Desert, and that will give us an additional route to the Pacific Coast.

"The Postal is the only company that has ever succeeded in competing with the old land line telegraph monopoly and it has done so for twenty-five years. If the Postal company were united with the Telephone and Western Union there would never be another competing telegraph company, because no telegraph company can succeed unless it reaches every State and every important city and town, and not only would that require a vast sum of money but it would be physically impossible, inasmuch as in many of the great cities there is no room left in and under the important streets, and entrance could not be obtained. Between many of the important commercial centers, as for instance, between New York and Philadelphia, it is impossible now to find another right of way on the highways for a through line. The Postal Telegraph Company will be the last competitor in telegraphy, and when that competition ceases there will be a choice only between monopoly and Government ownership.

"We claim that we are giving the fastest and best telegraphic service ever given in the world. Good telegraph service is given in some parts of Europe, but the distances there are very short. Furthermore, short distances do not, in Great Britain, for instance, prevent there being a large deficit each year in the Government telegraph service, which the Government has to pay. In this country we have vast distances, as for instance, three thousand miles from New York to San Francisco, and the competition is very severe.

"We have gradually organized our force and increased the efficiency of our staff, and brought our equipment up to a high degree of efficiency, and except in time of storm or stress, or some unusual calamity affecting our lines, our facilities and our organization are such that we are handling messages from customer to customer, between all important points in some twenty minutes, and as a rule, we make even better time. We are giving this fast service between all the larger commercial centers, and are extending it further. We find too, that this very fast service between the larger centers has improved wonderfully the service to the smaller places, because the momentum of the fast business carries forward the entire business. This fast service is expensive, and costs much more than what the service cost a year ago before this fast service was inaugurated. We are satisfied that we can continue it, however, and intend to do so.

"One of our methods of improving the service is by attaching as closely as possible to the Postal company the loyalty and enthusiasm of the army of employes which that company has throughout the United States. We have done this by an Employe's Association, the unique and essential features of which are that there are no dues to be paid by the employes, and no debts are to be incurred, but the company itself pays to the members of the Association or their beneficiaries certain cash allowances in case of their sickness or death. Practically all of our employes have become members of this Association. The plan is a new one in many of its features, and has worked harmoniously and to the great satisfaction of the employes and of the company."

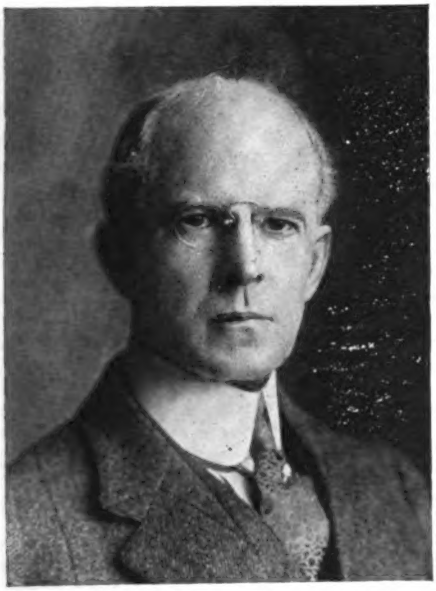
The Commercial Cable Company and the Postal Telegraph Company, organized by men of great business ability, managed on the basis of just treatment of employes and the best possible service to the public and the lowest rates consistent with efficiency, offer good examples of the best type of public-service corporations.

SAFE DEPOSIT

NEW YORK STATE SAFE DEPOSIT ASSOCIATION.

A Sketch of the Organization and the Scope of its Work, by the President, Samuel A. Cunningham.

THE New York State Safe Deposit Association was incorporated on March 16, 1906. The first president of the association was the late John R. Van Wormer, general manager of the Lincoln Safe Deposit Company.



S. A. CUNNINGHAM
President of the Association and President Bankers Safe Deposit Co. of New York City.

The object of the association is to promote the personal acquaintance of its members; to establish such relations and mutual understanding between the various safe deposit interests of the State, whether such interest be in the form of a company organized under the general safe deposit law or the performance of safe deposit functions in connection with a bank or a trust company, as will contribute to the welfare of the safe deposit business generally; to consider and adopt, after mature deliberation and thorough investigation, such form of procedure as seems likely to remedy conditions and usages which are manifestly inimical to the common good; to thoroughly study the provisions of the existing laws regulating the business in which the members of the association are engaged; to suggest alterations which may seem necessary and feasible; to give especial attention to the amendment of existing law where found to be defective, and to scrutinize carefully new legislative enactments deemed injurious to the best interests of the association.

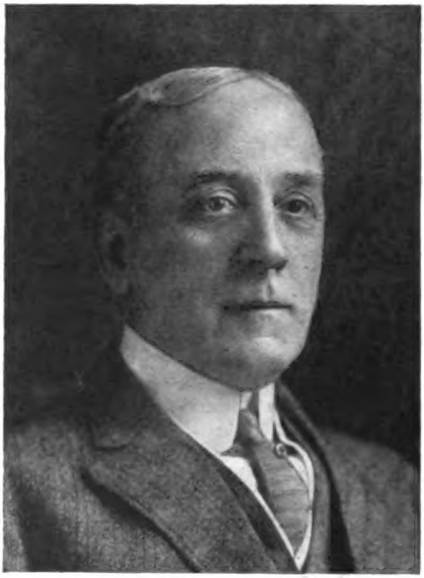
The association embraces a number of the safe deposit companies located in the State and in the boroughs of Manhattan, Queens and Kings.

The officers of the association are as follows: President, S. A. Cunningham, who is president of the Bankers Safe Deposit Company, 2 Wall street; vice-president, Wesley Bigelow, who is secretary and manager of

WESLEY BIGELOW
Vice-President of the Association and Treasurer Knickerbocker Safe Deposit Co. of New York City.

the Knickerbocker Trust Company, 385 Fifth avenue; secretary and treasurer, J. Lynch Pendergast, who is president of the United States Safe Deposit Company, 32 Liberty street. With the officers here named, the following constitute the executive com-

mittee: Walter C. Reid, general manager Lincoln Safe Deposit Company; Walter H. Bunn, secretary and treasurer Colonial Safe Deposit Company; George D. Weeks, secretary and manager Garfield Safe Deposit Company; Eugene A. Van Nest, secretary



J. LYNCH PENDERGAST

Secretary and Treasurer and President of United States Safe Deposit Co. of New York City.

and manager Hanover Safe Deposit Company; William Giblin, president Mercantile Safe Deposit Company, and Dr. William A. Mitchell, vice-president Safe Deposit Company of New York.

The present members are: Bank of the Metropolis, Fifth Avenue Bank, Colonial Safe Deposit Company, Empire City Safe Deposit Company, Windsor Trust Company, Garfield Safe Deposit Company, Knickerbocker Safe Deposit Company, North American Safe Deposit Company, Van Norden Safe Deposit Company, Night & Day Safe Deposits Company, Safe Deposit Company of New York, Hanover Safe Deposit Company, Mercantile Safe Deposit Company, Yorkville Bank, Fidelity Bank, United States Safe Deposit Company, Nassau Bank Vaults, Lincoln Safe Deposit Company, National Park Bank, New Rochelle Safe Deposit Company, New Rochelle, N. Y., Fifth Avenue Safe Deposit Company, Wall Street Safe Deposit Company, Astor Safe Deposit Company, Germania Bank Safe Deposit Vaults, Bankers Safe Deposit Company, Manhattan Storage & Warehouse Company, Standard Safe Deposit Company, Federal Safe Deposit Company, Carnegie Safe Deposit Company.

BURGLARS LUGGED THIS SAFE AWAY.

THE police of Brooklyn have under investigation a burglary in the house of Israel G. Hammerschlag, a dealer in bakers' supplies.

Hammerschlag kept a 300-pound safe in his kitchen and on the night of March 11 he placed $2,300 in it. It is thought that while he was counting the cash in the front basement dining room he was observed from the street.

While Hammerschlag and his wife were asleep in their bedroom off the back parlor, burglars forced an entrance from the yard and carried the safe into a storehouse adjoining the dwelling. With a steel drill the thieves bored holes in the bottom of the safe and blew it open. The robbery was discovered on the morning after.

A SAFE THAT WAS NOT A SAFE.

ACCORDING to the Boston *Herald*, a unique safe cracking job was recently pulled off in that city, and while the safe was that of a jeweler, the account of the methods employed shows that it could not have been properly constructed.

From the front the safe appeared to be formidable from a burglar's point of view, but it was not so well armored at the back. With the ordinary type of bit-stock the burglars bored through the metal, which proved to be but one-eighth of an inch thick, and a cutting instrument was then applied and operated in the same way as a can-opener, making a three-sided incision so that the metal could be bent down.

Inside was ordinary cement sheathing less than a foot thick, which was easily dug away. Then there was a thin wooden partition and a copper covering, both of which yielded readily to the tools.

The jeweler said that the safe was purchased four months ago and cost $400.

LATIN AMERICA

ELIAS S. A. de LIMA.

ELIAS S. A. De LIMA was born on the Island of Curacao, Dutch West Indies, being the son of S. A. de Lima, merchant, and Sylvia Senior A. de Lima, his family being of Dutch extraction. He attended a Dutch school on the Island of Curacao, until the age of fourteen, then went to Germany where he completed his education in the Gymnasium Andreanum in Hildesheim.

He came to the United States in 1880. entered the house of D. A. de Lima & Co., one of the leading firms doing business with Latin America, and worked his way up from a minor position, becoming a partner in 1883. Since the death of D. A. de Lima in 1891, he has been the senior member of the firm. He is also president of de Lima, Cortissoz & Co., a firm which, like that of D. A. de Lima & Co., is largely interested in business with Latin America and the West Indies.

Mr. de Lima became president of the Hungarian-American Bank in 1908; he was very successful in building up this institution, but in 1910 he and his friends sold out the control of that bank which they held. He then became the head of one of the largest financial institutions of the City of Mexico, the Banco Mexicano de Commercio é Industria, with which prominent Mexican interests, the Deutsche Bank of Berlin and Messrs. Speyer & Co., and some other leading American financial men are closely identified.

Mr. de Lima, who has always been a Republican in politics, has taken an active part in the affairs of the country through the commercial organizations of which he has been a member, especially through the New York Board of Trade and Transportation. He has been especially active in efforts to develop our foreign commerce through the reform of the consular service and the wide discussion of methods of fostering our foreign trade.

He was chairman of the committee appointed in March, 1906, by the Board of Trade and Transportation, and composed of Hon. William McCarroll, Hon. Charles A. Schieren, Hon. Oscar S. Straus, Mr. Charles A. Moore and Mr. Henry W. Peabody, who arranged for a national convention which was held in Washington for the purpose of discussing the best methods of reforming the consular service. The work of this convention was eminently successful and resulted in the passage of Senator Lodge's bill which has placed the consular service of the United States on a footing of high efficiency.

PHOTO BY LIPPINCOTT, N. Y.

ELIAS S. A. de LIMA

Active Head of the Banco Mexicano de Comercio e Industria Mexico City.

In February, 1907, Mr. de Lima conceived and brought about, through the New York Board of Trade and Transportation and other leading business organizations of the country, the most important national commercial convention ever held in Washington, for the purpose of considering measures and disseminating information best calculated to develop our foreign commerce.

Former President Roosevelt, Secretary of State Root, Secretary of Commerce and La-

bor Oscar S. Straus, Secretary of War Taft and many other men prominently connected with the national government and with the government of several of the States, took an active part in the deliberations of the convention, which has resulted in great and lasting benefit to our foreign trade.

His firm brought action against the United States custom authorities for the recovery of duties on products imported into the United States from Porto Rico after the annexation of the island. The action was successful and resulted in determining the tariff relations between our insular possessions and the United States.

When former President Roosevelt was endeavoring to establish stable conditions in Santo Domingo by a treaty with that country, which was defeated in the Senate, Mr. de Lima instituted a propaganda throughout that section of the country whence the opposition came, and did much to enlighten the public on the questions at issue by writing several exhaustive articles on the subject.

His educational preparation, wide travel in European and Latin-American countries and in the West Indies, his linguistic attainments, his familiarity with the foreign trade and its requirements, his wide experience in banking, especially in international banking, and his intimate knowledge of Latin America, place him in the ranks of those best qualified to deal with what is perhaps the most pressing commercial question before this country, namely, the proper adjustment of our relations with Latin America.

SEBASTIAN CAMACHO

President of the Board. Banco Nacional de Mexico.

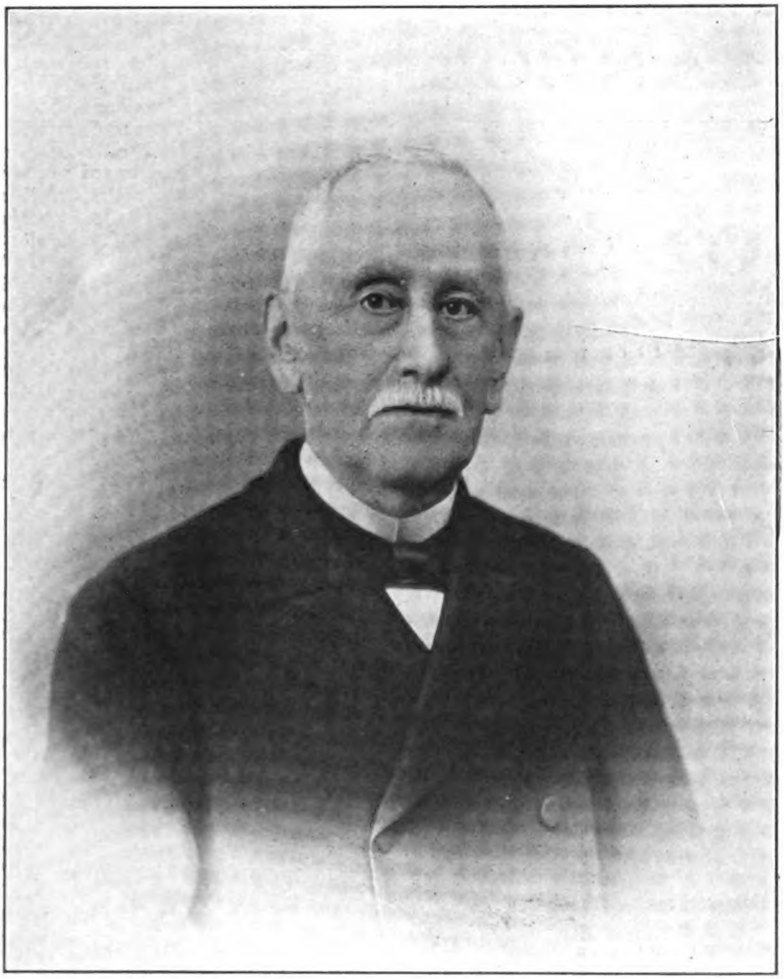
SEBASTIAN CAMACHO, a son of the gentleman of the same name and surname who was first minister of Mexico after the attainment of her independence, at the Courts of England and France—was born in the city of Jalapa, in the State of Vera Cruz, December 18, 1822.

Towards the end of the year 1837 he came to the City of Mexico to begin his studies, entering the College of Mines on the 7th of January, 1838, from which institution he was graduated a topographical engineer and assayer at the end of 1842. In 1843 he was appointed substitute professor of classes at the same College of Mines, and in 1845 professor of the first course of mathematics and secretary of the college board. In 1844 he entered the mint of this capital as assayer of the establishment. In 1850 he took charge of the metals office (apartado de metales) in this city, and in 1855 he was appointed chief assayer of the republic, a position which he filled down to the year 1867.

In 1875 he was elected deputy to the Na-

tional Congress, representing the district of Tepejin, State of Puebla, and on the 13th of January, 1893, he assumed office as president of the City Council of this capital, which office he filled until December 31, 1896. In 1893 he was elected second Senator for the Federal District, a position which he has since filled.

In 1877 Mr. Camacho obtained the transfer of the concession for the Nogales to Guaymas railroad, a concession which lapsed on account of failure to comply with the stipulations of the contract carried out between the Department of Fomento (Encouragement) and Mr. Roy Blair. In 1880 he negotiated with the Mexican Government the concession for the Mexican Central Railroad in combination with Mr. Ramon G. Guzman, an eminent Mexican, and Mr. Robert R. Symon, a British subject. Two years afterwards he obtained the concession covering the Altata to Culiacan railroad, in the State of Sinaloa, in company with the same Mr. Symon. Later he was appointed in combination with Mr. Gustave Sommer, commissary of the National Bank of Mexico, and in 1885 he was appointed a member of the administrative council of said institution, having been honored with the post of vice-president of this bank in 1898, and in 1902 became president of its administrative council.



SEBASTIAN CAMACHO
President of the Board, Banco Nacional de Mexico.

In 1884 he was favored with the appointment of vice-president and attorney of the

Mexican Telegraph Company, in lieu of Mr. Ramon G. Guzman, deceased, whose memory endures in the annals of Mexican progress, receiving also the appointment of attorney for the Western Union Telegraph Company of New York.

In 1884, when the Banco Internacional é Hipotecario de Mexico (The International and Mortgage Bank of Mexico) was organized, Mr. Camacho also filled the post of president of its administrative council until the time when this institution was merged.

In June, 1899, he was appointed president of the Board of Private Charities, together with the Licentiate, Emilio Pardo, Jr., and Mr. Luis G. Lavie, a board which was subsequently increased by the addition of four more members—Messrs. the Licentiate Genaro Raigosa, Ricardo Honey, Carlos Frederic and Mr. José Sanchez Ramos. In the same year he was appointed president of the board of directors of the Colegio de la Paz (Peace College), formerly known as the Colegio de las Vizcainas.

Mr. Camacho also fills other posts and offices more or less important, among them that of president of the board of directors of the "Compañía Minera Beneficiadora de Metales de Purísima Grande and Minas Anexas de Pachuca" (the Purísima Grande and Annexed Mines Mining and Milling Company of Pachuca); member of the board of directors of the Potencia Eléctrica de Pachuca (Pachuca Electric Power Company); second vice-president of the important Mexican National Packing Company; and for over twenty years he has filled the position of vice-president of the Jockey Club of Mexico.

WHAT MEXICO CITY NEEDS.

MEXICO is a country of great undeveloped resources. It needs the world's working capital. It needs to be better known abroad.

Exaggerated stories, sensational or malicious, that are sent broadcast should be counteracted. Mexico can stand investigation.

Great progress has been made by the country in twenty years, under wise and prudent policies of the national government. Much greater progress should be made in the coming years, with the foundation that has been laid. But there should be more active and systematic support by the people of the government's efforts.

All modern and progressive cities have their public organizations of citizens, devoted to trade and industrial development and to movements of general concern. Striking examples of the benefit of such organizations are furnished by the boards of trade or chambers of commerce in London, Liverpool, Hamburg, New York, Philadelphia, Chicago and Buenos Aires.

Mexico City has great need of an active,

persistent body, made up of all the business interests of the city, large and small, native and foreign, who wish to promote prosperity and progress.

A tremendous force can thus be made effective for the common good. In no other city of the world is there greater need or greater opportunity for work of this kind.

There has never been a better time than now for starting such a movement on a broad and substantial scale. Mexico has weathered the financial crisis and is started on the up-grade. More of the world's capital is seeking investment in Latin America than ever before.

Mr. Barrett, the head of the International Bureau of American Republics at Washington, states that 200 to 400 letters of inquiry are received at his office every day. Now is the time to put "Barbarous Mexico" before the world in proper light.

This can best be done through an active and strictly international association of all the business men and property owners of the city, in co-operation with the government. Let the present Chamber of Commerce be made the foundation for a more comprehensive movement. Let the public subscribe liberally to pay able men who shall do the work, backed by the influence and advice of the combined business and property interests of the city. Do it now!—*Mexico Daily Record.*

REMARKABLE GROWTH OF ARGENTINA AS A COMMERCIAL NATION.

We reproduce the following from the *South American Journal:*

"That the name of Argentina should even be mentioned as a possible rival to the United States may come as a surprise to those who have not made themselves acquainted with the marvellous potentialities of the great Platine Republic, but that there is, in fact, nothing extravagant in entertaining this opinion is conclusively shown by the admission of Americans themselves.

"If Mr. R. C. Howe, general manager of the Armour Packing Company, who has lately returned to the United States, after a business visit to Argentina, is to be accepted as a competent observer, the idea is by no means far-fetched. That gentleman has favored his fellow-countrymen with his views on the subject, and they are certainly not wanting in precision or emphasis. 'In some five years' time,' he is reported to have stated, 'the United States will no longer be in a position to export so much as one bushel of corn to Europe, for the simple reason that Argentina has outstripped us, and is developing so rapidly that this short space of time will suffice to oust us completely from the European markets.'

"Mr. Howe goes on to remark: 'Although scarcely two-thirds the size of the United States, Argentina is a very dangerous rival for us, as there is much less barren land and the soil is, as a rule, better than that of North America; also the area of land fit for cultivation is probably more extensive than in the United States. Besides this, farming is easier and cheaper in the Argentine, as it is not necessary for the farmers to spend large sums of money on sheds and fodder for the winter, as do our farmers. Nevertheless, the Argentine methods of farming are of the most modern, and everywhere American machines are in use, both for preparing the soil and for reaping and gathering in the harvest.'

"Naturally the general manager of the Armour Company did not go out to Argentina on 'pleasure bent.' He had important business interests to represent, and it is indeed no secret that a principal object of his mission was to secure for his huge concern a strong basis, if not a virtual monopoly, for its operations in that part of the world. We know that, in this direction, significant steps have already been taken, and further developments of a more aggressive character are very likely to eventuate. Be that as it may, it may be presumed that Mr. Howe did not neglect to give close attention to the pastoral condition of the Argentine Republic. He was struck with the magnitude of its flocks

of sheep and herds of cattle, for, at present, Argentina can boast of having 29,000,000 head of cattle and 75,000,000 sheep, or more than are to be found in the United States. 'The cattle-breeders in Argentina,' he says, 'are the *estancieros*, who in many cases own fifteen square leagues of camp or more. The *estancias* are all wired in and divided up into *potreros*. Each of these *potreros* is in charge of a *capataz*, who is always a good and experienced cattle-breeder himself. It is especially noteworthy that the Argentine cattle breeder spares neither pains nor money in his efforts to improve the strain, and imports the finest animals obtainable from Europe, often paying from $6,000 to $25,000 for these. The same applies to horse breeding.' This compliment is well merited.

"Mr. Howe admits that his chief object in visiting Argentina was to enable him, as the result of personal observation and inquiry, to form some assured conception as to the actual volume of the meat exports of the Republic, and to arrive at some practical idea as to the extent to which it might be augmented. On this point he has no hesitation in stating his conclusion that the conditions which prevail in this respect have shown him that the United States 'will never be able to compete with Argentina,' and he proceeds to declare that 'once the stream of European immigrants now pouring into North America is deflected and goes to Argentina instead, the trade of the United States with the European markets will be threatened by a grave danger, which it will be quite unable to face.'

"It is not often that a citizen of the United States abandons the accustomed pose of exaltation in which 'spread-eagleism' commonly vaunts the superiority of that country, and this is in itself calculated to accentuate the significance of this exceptional utterance.

"We have directed the attention of our readers more particularly to what Mr. Howe has had to say about the meat and cattle trade, because, in relation to this, probably in all the world no authority of greater weight could be cited, but he has also had something to tell his countrymen with regard to other Argentine developments. He has observed that the more important industrial undertakings are in the hands of the German and English capitalists, 'the English owning most of the railways, and the Germans the tramways, electric lighting and wholesale and retail trade.' He does not, curiously enough, mention the Italians, so largely engaged in the subsidiary and petty industries of the Republic, and not a few of whom also hold a by no means unimportant position in the higher altitudes of commercial activity. Mr. Howe, it seems, has left Argentina with the impression that Americans there are unpopular—that they have 'a bad name.' He attributes this apparently to the first American settlers having been, as it were, 'bad specimens,' but to this exception must undoubtedly be taken in the case of

many individuals and business of distinguished integrity and honor.

"We are, however, more disposed to concur with Mr. Howe when he adds: 'The Argentine dislikes the American characteristics and looks upon the Yankee as a selfish dollar-seeker, and at the same time he is afraid of our influence in his country.'

"He also makes a passing reference to Argentine immigration. 'The best colonists in the Argentine, as in our own country and also in Canada,' he says, 'are those of the Italian and Germanic races, who go there with the intention of making it their home and remaining in the Republic. The immigrants of the other races as often as not return to their own country as soon as they have earned enough to be able to live there. The more German and Anglo-Saxon immigrants the Argentine gets the sooner it will develop, and the more strongly, into a dangerous rival.'

"But the Anglo-Saxon elements which today contribute so powerfully to the development of Argentina have thus far been in the nature of financial and industrial forces, and the value of the co-operation of British and German enterprise is conspicuously demonstrated in connection with the productive energies which have so greatly stimulated the remarkable progress of that country.

"The Anglo-Saxon race has given its money, its brains, and its experience freely, and the time may come when a vital stream of immigration will likewise flow not less freely in the direction of the Argentine Republic, as well as to suitable portions of Brazil, which has of late years been making such magnificent strides in advance."

NO UMBRELLA NEEDED IN PERU.

FORMER Secretary of State S. M. Taylor, of Urbana, O., now United States consul to Peru at Callao, is in Columbus, being home on the first leave of absence from his post since he was assigned to Callao three years ago.

"We like life in Peru," said Mr. Taylor. "While my office is in Callao, I live in Lima. Callao is the seaport, a place of about 35,000 population, while Lima, seven miles distant, has a population of 150,000. We are eleven degrees south of the equator, so that this is our summer, but it is never very hot there. They get the sea breeze, and it rarely gets over eighty-five degrees Fahrenheit, while the lowest temperature is about sixty-five degrees. Of course, frost never occurs there.

"The climate is one of perpetual sunshine. It never rains. All agricultural operations must be carried on by means of irrigation. A Peruvian girl came up to Panama with me, and, though she was almost a woman, she had never seen rain. When we encountered a thunder storm in Panama she was badly frightened. It was the first thunder I had heard for three years."—*Columbus Dispatch.*

HOW TO IMPROVE OUR SOUTH AMERICAN TRADE.

(*From the Review of Reviews.*)

THE old adage, "There are none so blind as those who will not see," has never been more strikingly exemplified than in the attitude of the merchants of the United States toward South American trade. They have watched with satisfaction, writes Professor William R. Shepherd in the *Political Science Quarterly,* the American "invasion" of both Europe and Asia, and in proportion as the sale of their commodities has netted a fair amount of profit, they have fostered their business interests in those continents. But, favored with astounding success eastward and westward, and enjoying a huge and lucrative market at home, they have become relatively oblivious to the fact that the trade of a great region to the southward is falling a prey to the European "invader." They seem to think, "Whenever we want the trade of South America we can easily get it." They may, however, discover too late that the market in that quarter is pre-empted. Professor Shepherd has made several visits to the principal countries of the southern continent, so that his observations are especially valuable as coming from one who has a close and practical acquaintance with his subject. He sets forth some of the reasons why our trade with our southern neighbors is so meager, and offers certain suggestions as to its improvement.

The chief rivals of the United States in South America are England and Germany,

and the most powerful competitor to be reckoned with is the German. He takes care to acquaint himself thoroughly, in advance, with the language of the country, its customs, its needs, and its economic conditions in general.

He learns also the language of his principal competitors in that market. . . . Tactful and complaisant as regards native sympathies and prejudices, he avoids anything that might provoke their antagonism. Rather than hold himself socially aloof, he will marry into a native family; but, although he may identify himself with the interests of the country he prudently abstains from undue participation in its politics. . . . He investigates with patient care all phases of the commercial and industrial situation which may be of service to him. . . . Then, after all the requirements of caution and deliberation are satisfied, he locates his business, or places his investment, with a degree of shrewdness that does him credit. . . . Time was when the English were known as the nation of shopkeepers, with all the obsequious arts that distinguish the craft. Now the title seems to be passing to the Germans.

By way of contrast, Professor Shepherd points out certain traits and practices of the German's American rival, and calls attention to three false notions that check our South American trade. (1) The idea is held that "the inhabitants of South America are scarcely half civilized."

Not infrequently the American capitalist declines to invest his money in South American enterprises because he believes that it will not be protected. If we knew more about that continent and its peoples, the injustice of such an attitude of mind would be apparent enough. British and German capitalists encounter no special difficulty in securing profitable returns from their investments, and they do so without invoking the aid of warships and without conniving at revolutions. On the other hand, it is a fact too well known to need comment that the corrupt conduct of Americans in many parts of the southern continent has served to injure the good name of the United States and to awaken a corresponding distrust of us in the minds of the South Americans themselves.

(2) The second false notion is "that the American way of doing business is necessarily the best in the world."

In common with this spirit are the ideas, first, that if the South Americans want our goods they should simply send for them; and, second, that anything will do for South America. Both ideas are responsible for much of the prejudice existing on that continent against the use of our products. If orders are received from South America the American manufacturer too often ignores them or ships something not desired . . . not infrequently he is slow about filling orders and careless or indifferent about returning articles, especially parts of machinery sent to him for repair or replacement. The result of such a procedure is that no more orders will be received from the South American merchant so treated.

If, however, the American exporter *does* condescend to execute the orders he receives, the probability is that the goods will be packed in "shapes, sizes, and measures, and in weights and quantities unusual in South America. Pounds, quarts and yards have no place in countries where the metric system prevails." Too often, also, the packing is done in the most careless fashion.

It must be remembered that before they reach their destination, packages are liable to a great deal of knocking about in the course of transportation by ocean-going vessel, lighter, river steamboat, railway, ox-cart, beast of burden, and human carrier. Their possible exposure also to hot and moist temperatures may easily work damage both to covering and to contents. Nevertheless, huge boxes, flimsily constructed of thin boards . . . are filled with heavy merchandise and dispatched to some point in South America, only to be broken open, either accidentally or intentionally by thieving freight-handlers.

(3) The third of the false notions is "the belief that the American article is the best in the world and must commend itself spontaneously wherever it goes."

In some cases, perhaps, the belief may be well founded; but this idea of the universal superiority of American materials and American workmanship over anything of a like sort which can be furnished by Europe is fast becoming a more or less gratuitous assumption.

In the way of suggestions for the development of our South American commerce, Professor Shepherd first proposes that "we stop committing the various faults" of which we have been guilty and "profit by the examples of our European rivals." We shall be able to secure our share of the trade when "the views and methods of our business men undergo a change which will enable them to cope successfully with their rivals in general, and with the Germans in particular." There are three things we ought to do:

The first is to get a thorough first-hand acquaintance with South American conditions. The second is to make a careful examination of the examples set by our European competitors in the conviction that we shall be able to improve vastly upon these models. Our third duty is so to modify certain of our business methods as to render them thoroughly effective in South America.

Other suggestions made by Professor Shepherd are in substance as follows:

Let members of our exporting firms visit the South American countries and observe for themselves the conditions existing there.

In conjunction with what is furnished by Europe, more of our capital should be invested in South America.

American banks should be established in South American towns.

American business men should treat their South American customers with as much regard as they do those at home. Goods should be shipped in the form and sizes requested by the customer. Packers thoroughly familiar with conditions of climate and transportation should be employed.

The American exporter should keep himself thoroughly well posted on changes in the tariff system.

Liberal concessions in the periods of payments should be allowed.

Advertising in the local newspapers and magazines should be resorted to.

Competent salesmen should make personal solicitation for trade.

Above all, American merchants should have in every field of their activities in South America complete assortment of samples.

NEW BUILDING FOR INTERNATIONAL BUREAU OF AMERICAN REPUBLICS TO BE DEDICATED APRIL 26.

FULL details have not been given out regarding the dedicatory exercises to be observed in Washington, April 26, in connection with the opening of the new building of the International Bureau, but we have been informed by Hon. John Barrett, the director, that the following will deliver addresses: The President of the United States, the Ambassador from Mexico, the Secretary of State, Andrew Carnegie, Senator Elihu Root, and Mr. Barrett himself.

In the evening of the same day a reception will be given in honor of President Taft and Mr. and Mrs. Carnegie.

GENERAL NOTES.

—French and Belgian capitalists are interested in the rehabilitation of the Provincial Mortgage Bank of Buenos Aires, negotiations for which have been going on for about two years past. The project estab-

lishes that the bank shall be a public institution, but with private capital.

The government virtually enters as a working partner, in exchange for facilities granted. The principal bases of the project are that the contract shall be for forty years, with right of extension. The bank to be managed by nine directors, of whom three shall be appointed by the government, as well as the president of the institution. The capital to be five million dollars gold, or its equivalent in paper, divided into two series and in shares of $100 gold each. Fifty per cent. of the first series to be paid up before the bank can commence to work. The capital can be increased to twenty million dollars gold. The directors to have the power to issue debentures up to the value of fifty million dollars gold, which are not to bear more than five per cent. interest. Of the yearly profits, a six per cent. preferred interest may be paid, but no more, four per cent. to go to the reserve fund, five per cent. to the directors, sixty per cent. to be distributed amongst the shareholders and twenty-five per cent. to go to the government. Out of the amount that the government receives, half is to be used for the purchase of public debt bonds of the province, and the balance will be credited to general revenue.

—The Congress of Bolivia has authorized the establishment of the Bank of the Bolivian Nation (Banco de La Nación Boliviana) with a capital of £2,000,000, divided into 200,000 shares of £10 each. The government will take 100,000 shares of the stock, purchasing the same with the proceeds of a foreign loan which it has been authorized to make especially for this purpose. The remaining shares may be subscribed in whole or in part by the public and by banks of issue now in operation.

The bank will commence business with the £1,000,000 invested by the government plus the proceeds of such sales of the remaining stock as may be effected. It has the right to issue bank notes in the same proportion and manner as are conceded to existing banks by the laws of the country. The establishment in future of any other bank of issue is prohibited. All the receipts and expenditures of the government are to be handled by the new bank, the credit balances to draw six per cent. per annum and the debit balances to be charged for at the rate of eight per cent. per annum.

A reserve fund will be formed consisting of not less than ten per cent. of the semi-annual profits of the institution. The dividends corresponding to the 100,000 government shares shall be used exclusively for the payment of the £1,000,000 loan with which said shares were purchased, until the debt is completely liquidated.

The bank must establish branches in all the capitals of departments, and may, if it deems expedient, have branches in other places. The President of the Republic will issue the rules and regulations governing the management and operation of the bank.

WHY NOT A SAFE DEPOSIT BOX?

"Why in the world should you want to have a safe put in your house?"

"We've bought a dozen strictly fresh eggs.—*Chicago Record-Herald.*

1910 BANK CONVENTION DATES.

California, Riverside, May 12-14.
Missouri, St. Louis, May 18-19.
Kansas, Topeka, May 26-27.
South Dakota, Yankton, June 8-10.
Iowa, Des Moines, June.
Minnesota, St. Paul, June 22-23.
Oregon, Pendleton, June 24-25.
Oklahoma, McAlester, May 24-25.
Washington, Hoquiam and Aberdeen, July 21-23.
Wisconsin, La Crosse, August.
Colorado, Grand Junction, September.
A. B. A., Los Angeles, October 3-7.

REHABILITATED KNICKERBOCKER TRUST COMPANY OF NEW YORK.

THE Knickerbocker Trust Company on March 14 redeemed its outstanding surplus certificates by another payment of fifteen per cent., representing about ninety per cent. of total amount involved and the balance in stock of the company.

New Building, 60 Broadway.

According to the plan of reorganization, the surplus of the company could not be reduced below $8,000,000, and holders of surplus A certificates were entitled to their proportion of new stock at $300 per share, should the capital of the company be increased.

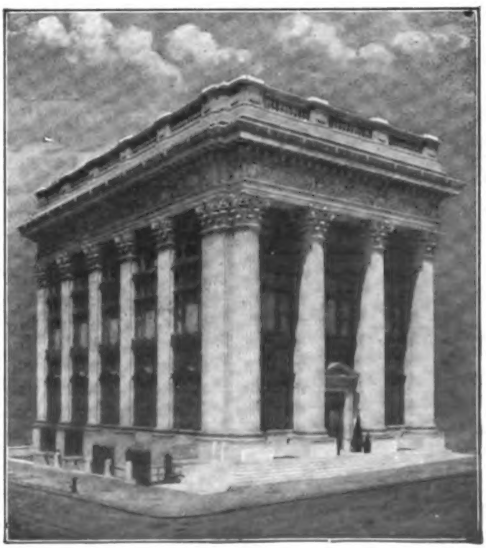
It was decided to increase the capital to $3,200,000, and all holders of surplus A certificates with balances of $300 or over were given an opportunity to take stock, or otherwise they were paid in full by a syndicate who underwrote such stock as was not taken. The holders of surplus B certificates, who represent the old stockholders who advanced to the company $2,400,000 at the time of reorganization, will also convert into stock on the same terms of $300 per share.

During the panic of 1907 the company was obliged to close its doors owing to a combination of extraordinary circumstances. This was October 22. The wonderful and successful struggle made by the stockholders' committee, headed by Frederick G. Bourne, and the depositors' committee by Herbert L. Satterlee, and individual efforts of hundreds of others to get the company out of the hands of the receivers, stands out as a splendid achievement.

The loyalty and interest shown in the company by its depositors has been most remarkable, and with the confidence inspired by the voting trustees, Henry C. Frick, Myron T. Herrick and Lewis Cass Ledyard, and also the board of directors and officers, the company has been enabled to anticipate greatly its payments.

The company owns its offices at Thirty-fourth street and Fifth avenue, also No. 60 Broadway, valuable pieces of real estate, and with the offices in Harlem and the Bronx afford most convenient facilities to all depositors.

The deposits now amount to about $35,000,000 and the capital is to be $3,200,000, with a surplus of about $6,000,000. Those who constitute the board of directors are: Charles H. Keep, president of the company; G. Louis Boissevain, Frederick G. Bourne, Franklin Q. Brown, Edward H. Clark, Charles F. Hoffman, J. Horace Harding, William B. Joyce, Hinsdill Parsons, Samuel T. Peters, Herbert L. Satterlee, William A. Tucker, Payne Whitney.



The Knickerbocker Trust Company Building, Fifth Avenue, New York.

CREDITS.*

By J. W. Spangler, Manager Credit Department Dexter, Horton & Co., Seattle; President Seattle Association of Credit Men.

THE modern idea of a credit department in a bank is born of necessity, and it is a wonder to me that such a department did not long ago become a part of every well regulated commercial bank, for bankers are usually distinguished for their tendency to surround their business with every safeguard, and most certainly the credit department, if performing its proper function, operates to that end, and yet it is only a few years since large commercial banks generally have given their attention to this important department. I say important, for what, after all, constitutes banking? Liberally definea, banking is the receiving of deposits and the loaning of a percentage of the same at a proper rate, and upon sufficient security, and the credit department is calculated to place before the banker the information necessary to make these transactions possible.

Please do not consider me immodest if I say that the office of credit man has attained increased importance during the past few years, and the time is at hand when his will be classified as a profession, if not a science. It is not, however, an exact science, as this is one of the lines of endeavor incident to every wholesale, manufacturing and banking business where there is almost an absence of fixed rules to govern one's decisions, each case having to be decided upon its merits, and with each case presenting a different combination of conditions.

It is, for example, impossible to intelligently extend or restrict credit upon the rule that having established the net worth of the applicant, you may extend him credit of twenty, thirty or forty per cent. of the known net worth; yet I know a banker in a large middle western city who is said to have a fixed rule which he follows, and that is, that the applicant must show two dollars of quick assets for every dollar of current liabilities. He will probably be reasonably free from losses by bad debts by the application of this rule, but what of the loss of profits and the desirable business he will lose in the scores of worthy applicants, who from the very nature of their business need not make such a showing?

The Three Safeguards.

There are three elements which should be present to render credit transactions safe, and these are, mentioned in the order of their importance—Capital, Character and Ability. It sounds much better and may, theoretically, be better, to have character head the list, but you cannot levy on a man's character for the payment of your bill, and while the absence of character renders a credit transaction very hazardous, the ultimate loss is likely to be less with that element missing than capital—provided that you are aware of the absence of character.

Personal Contact.

The mercantile credit department frequently has not seen the applicant for credit at the time the account is opened, the order reaching the house through the traveling salesman, and is sometimes accompanied by what he deems sufficient information to warrant the opening of an account, which, coupled with the mercantile agency information, often constitutes the basis for the granting of credit. But not so with the bankers, whom the applicant approaches fully expecting to be asked for a detailed finanical statement, and fully prepared to make it. Besides, the bank has the distinct advantage of personal contact with the applicant, both for the purpose of estimating his character, as well as inquiring closely for any details respecting the statement which may be lacking, and finally closes the transaction with a note, and frequently with collateral or an endorsement, instead of the simple signed order, as is the usual case with a mercantile house.

It is worthy of comment, however, that the average amounts involved in bank transactions are probably considerably larger than in mercantile credits. Commercial houses should unite in demanding financial statements as well as adopting other uniform measures for their protection in the extension of credit. Under the present imperfect system of purchasing commercial paper, banks lack some of the facilities for determining credit, but this system will, doubtless, gradually be perfected as its weaknesses become more and more apparent.

Salesmen Unable to Get Information.

It might occur to some one to ask why the salesman is not in a position to gather this information, so desirable when he meets a customer—and this is a very pertinent question. Since the time that commercial houses have maintained credit and sales departments, this question has been asked, and re-

* Text of an address delivered before Seattle Chapter American Institute of Banking.

peated efforts have been made to obtain through the salesman the benefit of the unusually advantageous information he seems in a position to secure. But credit men may as well—once and for all—resign themselves to the existing conditions against which they are now struggling, for the elements that go to make up the salesman are so totally different from those of the credit man, that it is a physical impossibility to combine these qualities in one normal man, though I believe that if it were possible, there is no one in a better position to furnish the important details respecting a prospective customer's standing than the salesman, and yet he is notoriously the poorest authority upon the subject, and I doubt not but that the average credit man would be an equally conspicuous failure as a salesman.

Routine Work.

The physical side of the credit department is simple, consisting chiefly of a file into which all matters having either direct or indirect bearing upon the credit of the subject are put, including various blanks for the convenient gathering and tabulating of the information, consisting of financial statement forms, comparative statement forms, average balance sheets, etc., etc.

Personally, I believe it is not only possible, but that it frequently occurs that banks burden their credit departments with too much system. The simpler your system and the less number of forms you have, consistent with your particular needs, the better. The smallest bank should have a credit department, the cashier or any other managing officer may be the only one in the department, and he may be able to keep the whole department in one drawer of his desk, but without it his business is not properly safeguarded, and in case of his death or disability would suffer far more than though his successor might find in this department—no matter how small—information that would otherwise, to a large extent, pass with the retiring officer.

AS OTHERS SEE US IN THE BANK.

From One Who Has Been On The Inside.

TELLER! Do you want to see a pen picture of yourself, as you look to some of the depositors in the bank? It may not please you, but look at it anyhow. As we do not always have a picture expression on our faces, a snap-shot taken at such times has its value. It is a good thing for all of us, at times, to see ourselves as others see us.

A western paper recently published a view of the bank teller that was evidently taken from the viewpoint of a nervous and overwrought individual who had a vivid imagination. But in the pen picture are some things that are interesting to all of us and may be profitable to a few. Here it is:

Those keen-eyed observers who tell us that the only American aristocracy is that of money are right—but in the wrong way. The real dollar duke is not he who wouldn't know how to act in a street car if all five of his motor cars were to go to the shop at once; the genuine icy-eyed dignity merchant is the man who handles the coin but passes it along. His cuffs may need shaving—but there is no foothold for flies on his aristocratic bearing.

Look at the receiving teller in the bank. He is there merely because the president knows of no machine that will do the work as well for as little pay. From his polar deportment one might imagine that he grew the hills whence came the marble pillars and that he owned a mint as big as a packing house.

The Cowering Line of Depositors.

He is confined in a highly decorated brass cell. Perfect confidence in him is shown by the fact that the door is left unlocked. You write out your deposit slip, sandwich it in the leaves of your bank book and take your place in the cowering line that creeps toward his window. Just before your part of the line gets to the window the receiving teller escapes from his cage, takes a short nap, plays a game of chess and returns promptly to accept your own donation.

It would be unprofessional for a cash taker to act as if he wanted to take your $4.65.

"Oh, of course," he says distinctly, without speaking a word. "I'll take this measly little batch of worm eaten coins—but only because my superior officer has allowed you to put your money here. It is my opinion that you earned this watch pocketful of chicken feed by taking it away from a blind old man after beating him up with his own crutch."

After removing your hat and coughing a couple of times—to apologize for having kept out enough to live on for the week—you step nervously forward and push the bank book toward the glaring teller.

What if he refuses it? You gasp at the terrible thought. What if he asks you why you don't loosen up, quit wearing shoes and a coat and make a better showing next time?

But he doesn't. He looks at you suspiciously as if you were trying to goldbrick him somehow by letting him have your surplus currency.

"Huh!" says the action of his hand as he flaps the book open, "I see you've been doing more checking and depositing on this little peanut account of yours than the Standard Oil Company does on its account. Can't you buy a stamp without giving a check for it?"

He flings your 20-dollar bill aside without counting it or condescending to see whether it is home made or not. Snap! The rubber band is around the book again and it comes sliding back to you across the jasper counter in an attitude of abject humility. And you leave, not daring to look your brother man

in the eye again until you are lost in the unsuspecting crowd.

The bank man here described is seldom found in these days, but occasionally one who nearly fits this description gets to the window and makes a bad impression. He is usually one who looks at his position through imaginary magnifying glasses. The magnifying glasses are useful in assisting to detect counterfeits, but they are very poor things to look through for one to get an idea of the importance of his position.

It is complimentary to the bank tellers of the country that such an exaggerated view of their position is taken—even though it was taken by one in an effort to be funny.

The men we usually find at the windows nowadays are courteous and affable in their endeavors to make the depositors feel welcome and to impress upon them that the success of the bank is partly due to their deposits. This makes them feel their importance. In fact, it is usually the case now that the depositor is the haughty one, for he finds so many banks where his account is wanted that he sometimes feels that he is of more importance that he really is. Such depositors ruffle us at times and the depositor who follows the haughty one can often see in our faces expressions that are not the most pleasant. When they do they get a bad impression. The rush hours sometimes find us off our guard and we lose our winning smile and pleasant way. Should we lose our equilibrium because of the rush?

SALT LAKE CITY.

RESOLVED: "That the postal savings bank system would be advantageous to the people of the United States." This was the topic debated at the March third meeting of Salt Lake chapter.

R. R. Sharkey, treasurer of the chapter, T. W. Ball and E. B. Carhart handled the affirmative. Those taking the negative were A. H. Glarner, E. E. Byer and Jonathan E. Openshaw. The judges were Ray Van Cott, a prominent attorney of Salt Lake City, Chas. H. Wells, asst. cashier of the Utah National Bank, and Clarence Neslen of the Kimball & Richards Real Estate firm.

It was a hotly contested discussion from start to finish—both sides scoring many good points. The decission was for the affirmative.

That the Salt Lake chapter is in a healthy condition, and that men of character are directing its movements is attested by the recent appearance of a handsome year-book, which, besides much matter of general interest, contains the revised constitution and by-laws.

A brief history of the chapter is given and a roster of the officers of the A. I. B.—both local and national, the committees and the membership at large. If to any one person, more than another is due the credit of getting up this booklet, it is to the president, Mr. Q. B. Kelly. From the time the thought was conceived until the finished product was turned out, he devoted every

Q. B. KELLY
President Salt Lake Chapter, A. I. B.

spare moment to the preparation and arragenment of its data.

"Q. B.", as he is familiarly known, began his banking career in 1888, as messenger for the old T. R. Jones Bank, when the late W. P. Lynn was its cashier. Being afflicted with "pen-paralysis," Mr. Kelly was forced to resign his position, and remove to Colorado, where a few years of ranch life restored his health.

For ten years thereafter he followed school teaching, accountancy and salesmanship in Colorado and Idaho, returning to Salt Lake City in 1905, when he accepted a position with the National Bank of the Republic, and after two years in that institution, he went to the Utah National Bank, where he now is general bookkeeper and "all-round" man.

Mr. Kelly puts into his work an enthusiasm and thoroughness that is most commendable, and his optimistic good nature makes him popular with employer and employe.

Mr. Kelly has brought to the presidency of the chapter a keen knowledge of men, a business sense and executive ability, which with his untiring energy augurs well for the future.

Ralph R. Sharkey, who is now serving his second term as treasurer of the Salt Lake Chapter, is a graduate of the St.

Mark's High School, Salt Lake City. He was for a number of years a successful salesman for the Cottle & Mullett clothing firm, and later bookkeeper for Joslin & Park, the pioneer jewelry firm. Mr. Sharkey's banking career began about thirteen

RALPH R. SHARKEY
Treasurer Salt Lake Chapter, A. I. B.

years ago, when he became an employe of the Bank of Commerce. He was identified with Wells, Fargo & Co.'s bank until it was absorbed by Walker Bros., after which he went to the Commercial National Bank, and is now with the Continental National.

Mr. Sharkey has proven himself thoroughly reliable and competent to fill almost any position in a bank. He made a record as manager of the clearing-house, which important position he has filled several terms.

At the reorganization of the chapter in 1908, Mr. Sharkey was made treasurer, and was unanimously reelected last year.

He was a delegate to the Seattle convention in June, 1909, where, through active interest in the proceedings, he made many friends.

INSTITUTE ACTIVITIES.

Baltimore.

By Carl E. Wagner.

OUR open meeting on Tuesday, February 8, was presided over by Charles Crane, president of the Farmers' & Merchants' National Bank, and attracted a large attendance notwithstanding the inclement weather. The speaker of the evening was our "Old Friend" Hon. Durnan E. McKinley, congressman from California, who gave us quite a vivid picture of the Philippine Islands and the insurrections that have taken place from the time of the Spanish-American war to the present. Our speaker was well prepared on his subject having visited the islands in company with President Taft at that time. L. W. Gammon, of the protective department of the American Bankers' Association, was the first speaker at the March meeting. He was followed by George E. Allen, educational director of the Institute, whose subject was "Gyascutology."

We have the pleasure to announce the appointment of Herbert H. Owens, one of our ex-presidents, as an assistant cashier of the Farmers' & Merchants' Bank.

As a delegate to many A. I. B. Conventions he has made many friends far and wide and we are sure they join us in wishing him every success in his new position.

Tacoma Chapter.

By V. W. Fell.

THREE contests of unusual interest livened up the March meeting of Tacoma chapter. First, the adding and listing on the Burroughs of 150 time checks and the many forms of railroad vouchers, the whole being about as bad a mixture as any bank clerk would care to tackle. This contest was given at the suggestion of the Burroughs Adding Machine Company, who offered prizes most tempting to those who cared to participate in the contest. The second trial of the evening was one in mental addition, which brought forth many aspiring individuals, all of whom showed up to good advantage. Third and last, entries were taken for a mixed money counting contest, about $1,500 in silver and currency having been stirred up in one big heap which held several very clever counterfeits.

About fifteen clerks entered for the adding machine contest and considering the many forms and poor figures the showing made was a surprise to all. After the fifteen had plowed and toiled through the conglomeration Evan Macdonald of the Bank of California, N. A., was announced winner with the time of three minutes, sixteen and three-fifths seconds. Mr. Macdonald's work was very clever, but did not bring forth the expected ovation as he had been loked upon as a strong favorite, his every-day dash for clearing-house having won him the notice of local bank officials and the financial reporters of the daily press. Second place was won by H. Berg, time 3.40 and third place by Chas. Kinsey, time 3.44.

Mr. Janes won the mental addition contest, totalling over nine million, in 1.50. Second place awarded to Chas. Craft, time 2.02.

The money counting contest was won by H. Berg of the Scandinavian-American Bank in the short time of six minutes and forty seconds, with R. Jennings of the Pacific National Bank a very close second. Both gentlemen caught the counterfeits and otherwise distinguished themselves by the neat manner in which the coin was left at the close of their respective trials.

Pittsburgh.

By William J. Kerr.

GEORGE LOMNITZ, a member of the A. B. A., addressed Pittsburgh chapter Feb. 8, on "Postal Savings Banks." The address summarized the arguments of the advocates of the postal savings measure now before Congress, and showed in strong contrast the possibilities for mischief which the passing of the bill involved.

It was pointed out that the present deficit in the post office department seemed to indicate that government-run businesss was a trifle precarious. Apart, also, from the distinctly socialistic aspect of the postal scheme the question of the disposal and investment of postal funds had, apparently, received scant consideration. It would be found that this matter would prove troublesome if the postal bank should be instituted.

Mr. Kent referred to the movement at present on foot in Canada, the intention there being to abolish the postal system as "unnecessary and having long since served the purposes for which it was introduced." As the "purpose" was the expansion of business, then much more was the postal bank unnecessary in this country whose business was now so much greater than was Canada's at the time the postal bank was introduced there.

At the close of his able address Mr. Kent replied to several questions put by various members, and consideable interest in the lecture, and in the subject of postal banks in general, was manifest.

OUR ESTEEMED CONTEMPORARIES.

WHAT have become of the Hibernia *Rabbit* and the Detroit Chapter *News?* The former was published by the employes of the Hibernia Bank and Trust Company of New Orleans, and the latter gave the news of the banks in Detroit, but both of these bright publications have been missing for some time. The *Progressive Banker,* of Mobile, seems to have had a short-lived existence, as it has not materialized for a long time. The *Seattle Spirit,* likewise, seems to have gone to the Happy Hunting Ground. Better shake it up a bit, boys. The *Review* and *Bank Man* of Chicago, however, are still in the race and running strong. Both of them, by the way, are edited be Leigh Sargent, of the First National Bank.—*No. 8, (The City Bank Club).*

THE A. I. B. POLICY.

THE policy of the American Institute of Banking during 1910 will be systematic education through established methods. Such policy results in quality rather than quantity of membership and gives little opportunity for rhetorical publicity, but it is, in my judgment, the only policy that can make good the claim of the institute to educate bankers in banking and promote sound banking practices and principles.—*Geo. E. Allen, Euducational Director.*

MINNEAPOLIS CHAPTER NOMINATES OFFICERS.

HERBERT E. COBB of the Farmers & Mechanics Savings Bank was nominated on March 15 for president of the Minneapolis Chapter of the American Institute of Banking, at a dinner attended by 175 members. The election will be held at the next monthly meeting. Further nominations are possible.

H. C. Libby was nominated for vice-president, Thomas Rees for secretary, and John Groves for treasurer. Professor John H. Gray spoke of his tours in Europe.

AN INTERVIEW WITH THE FOREIGN EXCHANGE CLERK.

"OUR department is a goal for all nationalities," said the foreign exchange clerk. "Lined up against the counter waiting their turns for a hearing may be seen Hebrews, Greeks, Russians, Japanese, Italians, Frenchmen, Spaniards—in fact, almost any nationality you may name. Most of these people are able to make their wants understood in more or less imperfect English, but some of them can speak only their own native tongue. Then it is that the knowledge of a linguist comes into good play. I am able to speak four different languages, and with these I find that I can generally make my meaning understood.

"Few people realize what a big number of foreigners patronize the foreign exchange department of a city bank, or what a large amount of foreign exchange we sell every day. We not only deal in this commodity, but we also sell steamship tickets and issue traveler's letters of credit. The latter are a necessity to any one traveling in foreign countries; to attempt a journey

without a letter of credit would be the acme of folly. During the summer months, when our wealthy citizens are prone to take trips across the water for an outing, the demand for these letters is greatest.

"You would be surprised to see my collection of gold and silver coins, which the bank has purchased at their intrinsic value in United States funds. I believe I have pieces of money from every civilized land under the sun. In all these monetary transactions, we learn more, probably, than we ever were taught in our school days, when we, painstakingly, studied the problems in our dry, repellant arithmetics."—*Commerce Monthly.*

BANKING PUBLICITY

Conducted by T. D. MacGregor

ORIGINALITY IN A FOLLOW-UP SYSTEM.

How A Pittsburgh Institution Introduced Something New And Attractive In A Letter Follow-Up System In Securing New Customers.

MANY bankers stick close to the primeval ways of advertising. There are none that do not at some time welcome and invite new customers. The many campaigns in pursuit of the elusive public in an effort to transform them into patrons are of interest—not because of their originality, but because of their similarity.

The almost invariable system is the common, every-day postal card, which usually finds its way to the waste basket. The public likes something new and if new customers are to be secured they must first be attracted.

The People's Savings Bank of Pittsburgh, not long ago instituted an entirely new and original follow-up system. A neat and attractive four-page folder, illustrated by an excellent photogravure imitation, was sent to the prospective customer, together with a letter calling attention to the merits of that institution as a safe place for the public's savings, as set forth in the accompanying folder.

Two more folders were prepared along the same lines, and at intervals they were sent to follow up the first folder and letter. The recipients were presented with something new in advertising. The value of the People's Savings Bank was told in convincing style and illustrated in a manner never before attempted.

The title of the first folder was, "What Lies Behind Your Daily Work?" It was inscribed in simple lettering on the cover, the latter containing no further mention and leaving the People's Savings Bank in the background for the time being.

The inside portion of the folder was not choked up with uninteresting statistics, which the average person would skip through and pay little attention to the salient details. The double page was illustrated in photogravure imitation with a picture of a factory. Then on one side the gay lights of an amusement place were reproduced and on the other the stately building of the People's Savings Bank.

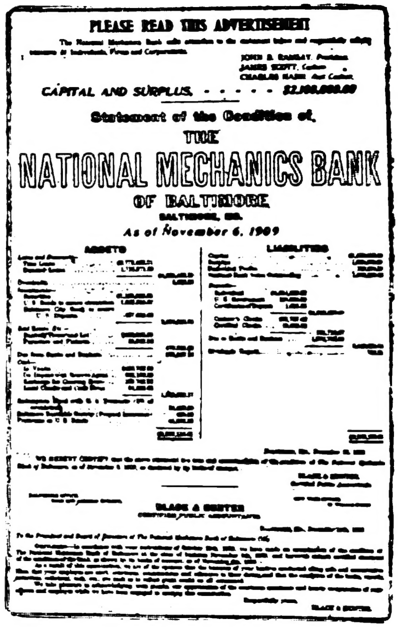
The question, "What Lies Behind Your Daily Work?" was asked and a prominently placed question mark adorned one corner of the folder. One arrow pointed to "amusements" and the other to the bank building. The idea was seen at a glance. Did amusements and money spending lie behind the daily work or did the savings bank back it up by taking care of earnings in preparation for possible hard times?

This is attractive.

That folder, together with a letter calling attention to the fact that the People's Savings Bank could do business by mail as well as directly, was a convincing argument. The prospective customer's attention was aroused. His interest was secured.

While the iron was hot the first follow-up folder was sent, together with another letter. The same idea was carried out in the design, the title of the second folder

On the right track.



Strong.

being simply: "It's Due." Within the recipient was informed that it was due to his future welfare that he should open an account with a perfectly strong savings bank (such as the People's).

In this folder the banking-by-mail system was illustrated. A train was shown on one side, with a mail carrier emptying a box on the other side. The idea was further illustrated by mail bags pouring their contents into the receiving window of the bank. Again the People's building was shown and its facilities were set forth in the folder's reading matter and the accompanying letter.

The third and final folder followed up its predecessors a little later. By this time the prospective customers to whom the series had been mailed were interested. They had been provided with something new and attractive and the folder was not swept into the waste basket but was looked for and perused closely.

"When Your Ship Comes In" was its title. Inside a woman was shown, leaning back in pillowed ease, apparently watching something through the drawn curtains of the nearby window. Above a ship was shown as the subject of the woman's thoughts and the object toward which she was looking. The bank building was once more reproduced and the literature announced that "When Your Ship Comes In" could be changed from a mythical legend to a "reality if a savings account

is started." The connection was that the "ship would come in" when it is most needed, in the shape of a healthy account in the savings bank.

The accompanying illustrations of the three folders show their general make-up—how they were designed to attract the attention, each succeeding folder in the series accomplishing a stronger grip and finally resulting in the securing of new customers.

Results were more than apparent not long after the last of the folders had been sent out. The People's Savings Bank has made a specialty of banking by mail and the new customers were speedily and satisfactorily taken care of.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

J. E. CASEY, auditor of the Indiana Trust Company, Indianapolis, Ind., writes:

I enclose you a few copies of advertisements which we have been running for the last sixty days, and upon which I would like your opinion through the advertising section of the Bankers Magazine, should you see fit to do so. These ads. ran daily in our newspapers here, with different copy each day. The four copies enclosed will give you an idea of their character.

These are good advs. We think that they could be maae more attractive and effective by the use of a trade-mark cut, and we also like to see a bank ad. with a good interesting headline, but in the case of these advertisements the large type used in the first paragraph to some extent serves the purpose of a headline.

Mr. F. J. Marble of Washington, D. C., writes:

Inclosed you will find proof of a recent "ad." for the Merchants & Mechanics Savings Bank which we would like you to submit for consideration in connection with those already sent. You may think that we

YOU KNOW as well as any one can tell you that opportunities are always present for those with ready money. The size of your opportunity is measured by the size of your bank account. This

Strong Company

the largest and strongest in the State, invites the savings accounts of people from every walk in life. The New Year is the time to start saving.

One million dollars capital, every cent paid in, and five hundred thousand dollars surplus. Every dollar earned is pledged to you to make good our promise.

The Indiana Trust Co.
A Home for Savings

DON'T BE AFRAID of being called "close" or even "stingy." People have more respect for a man who has the courage to save his money than one who cannot. Every dollar you place in a Savings Account with this

Strong Company

will help you save another one. Don't let the New Year get very old before getting your account started. If you already have one see that it is increased. Better do it today.

One million dollars capital, every dollar paid in, and five hundred thousand dollars surplus. Every cent earned is pledged to you to make good our promise.

The Indiana Trust Co.
A Home for Savings

IF you received a gift of money for Christmas, bring it here and place it in a savings account where it will grow and increase in value and be always available in case of need. This

Strong Company

will help you start the New Year right. A savings account is the first step. Get it started today. Three per cent. interest allowed.

One million dollars capital, all paid in, and five hundred thousand dollars surplus, all earned, is pledged to you to make good our promise.

The Indiana Trust Co.
A Home for Savings

"I CAN not afford it," is a valuable phrase for every person to cultivate. Put to practical use it will often enable you to save money where otherwise you could not. This

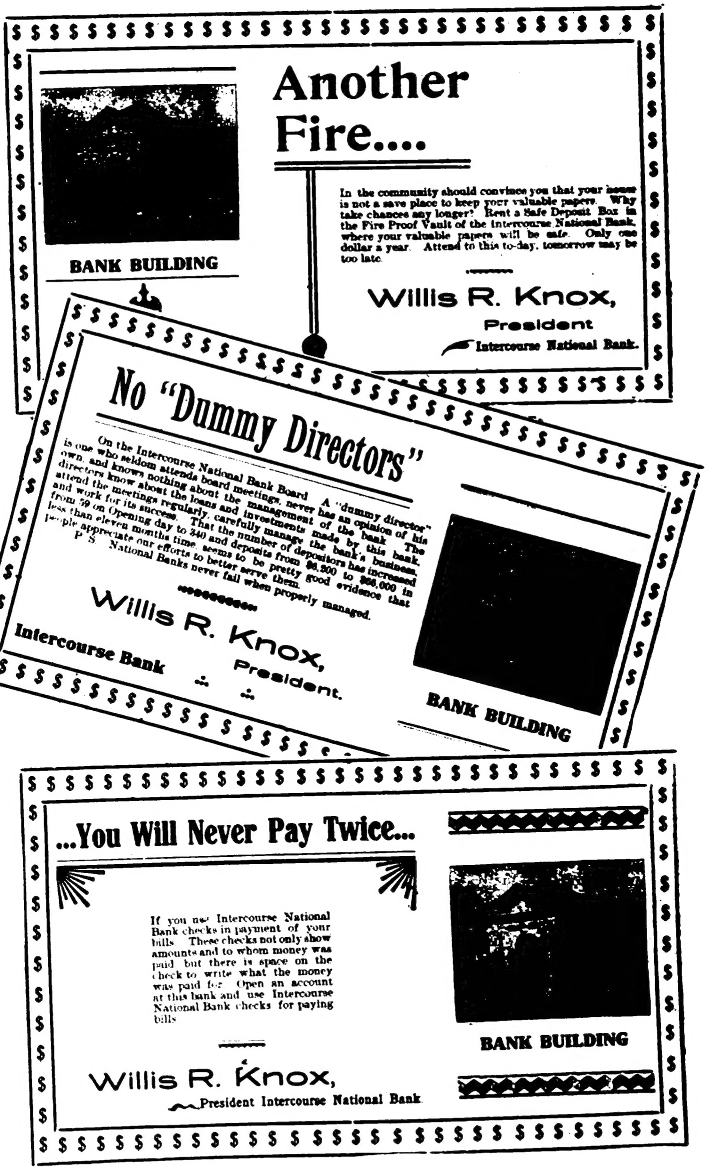
Strong Company

will start your savings account with one dollar or more. The first of the New Year is the time to make the start. We will help you save.

One million dollars capital, all paid in, and five hundred thousand dollars surplus earned is pledged to you to make good our promise

The Indiana Trust Co.
A Home for Savings.

Good Typography and Copy.



Too ornamental.

have used unnecessary space, but take into consideration the fact that our Washington rates are in the neighborhood of about five cents a line.

This is a well balanced ad. and 125 lines by three columns is pretty good space. We see no reason why such advertising ought not to be very effective.

W. R. Knox, president of the First National Bank of Intercourse, Pa., writes:

I am sending some ads. which I myself wrote for our local paper. Should be pleased to have your criticism in Bankers Magazine. Our bank was opened October 10, 1909, in village of 400 population. Now has 375 accounts, deposits of $52,000. Keeps open on Saturday evenings, during summer, for accommodation of farmers, from 7 to 8 p. m.

We reproduce three of Mr. Knox's ads. The copy is better than the typographical form. The printer has lugged in too many of his "ornaments" and other odds and ends around his composing room.

W. A. Blackburn, cashier of the Lumberman's State Bank of Bruce, Wis., writes:

Noting in your last issue several letters sent out by numerous banking institutions in the line of advertising, we take the liberty of forwarding a copy of our annual letter sent out at the beginning of the year announcing our Calendar Souvenir. These as you will note were written by one of our circular letter houses, and the names added in like type, we had a very good job of work done, and the ribbon was a perfect match, as the order was placed with the understanding that the job would not be accepted unless it was, the letters were all signed by the writer and enclosed was a card, self addressed, no calendars were given out under any circumstance unless the card was returned either by mail or personally, now so far as the merit of the language in the letter is concerned, we know it might be vastly improved on, we however, refer only to the system wherein in announcing the offer of these calendars we aroused their curiosity as to the subjects, our aim was to in this way and from the kindly expression of the letter impress on them the fact of our existence, and by the use of the card make them call at our bank or retain their interest in the calendar and in us for a sufficient length of time to associate this bank fully in their mind and stamp it there for a period of time, we have followed out this plan for a number of years, we have had many compliments on it, and feel it could be used by many banks to advantage. We of course aim not to disappoint the recipient in the gift offered as have always gave good value in our souvenir.

The letter referred to follows:

Wishing you a

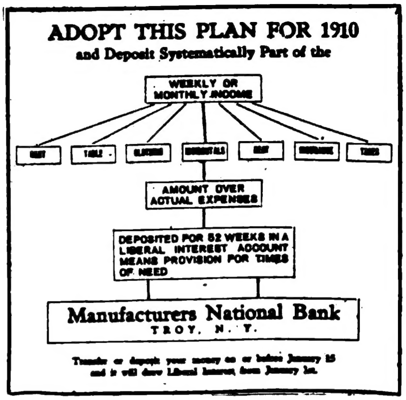
MERRY CHRISTMAS and
HAPPY NEW YEAR

We are pleased to address you at this time with the above sentiments, and take this opportunity to thank you for the business you have entrusted us with during the past year.

We are also pleased to inform you that we have procured again this year a very fine line of artistic calendars, which according to our usual custom we will distribute as our annual souvenirs. Our line this year is one that we are sure will please you and consists of reproductions of views of some of America's Natural Beauty Spots. The subjects are, "On the Swaunee River," "Far From the City's Turmoil and Strife", "Beauties of Nature", "In the Marshlands", "The Dawn's Awakening" and "Where God and Man Have Wrought and Age Has Beautified". They are all pleasant and pleasing subjects and we have reserved one for you which we will be pleased to deliver either by mail or personally on the return of the enclosed card on or before Jan. 15, 1910. In returning the card please date, sign and indicate the subject you prefer.

In closing allow us to invite you to call on us at any time we can serve you in a banking way, and again thanking you and wishing you the "Season's Greetings", we beg to remain,

Yours very truly,
W. A. BLACKBURN,
Cashier.



Clear.

A Good Emblem.

The post card read:

To Lumberman's State Bank,
Bruce, Wis.

Gentlemen:

Kindly mail or deliver me one of your 1910 Wall Calendars as per your letter of the 24th inst.

My choice of subject is: Yours very truly,
....
.... Address............
Date............1909. ....

This is a good idea and well carried out. We commend it to the attention of other bankers. You better make a memo. of this and do something like it yourself next holiday season.

The Baraga County State Bank, Baraga, Mich., sends out a card with this alleged squib:

LIFE.

Man comes into this world without his consent and leaves it against his will. During his stay on earth his time is spent in one continuous round of contraries and mis-

understandings by the balance of the species.

In his infancy he is an angel; in his boyhood he is a devil; in his manhood he is everything from a lizard up; in his duties he is a fool; if he raises a family he is a chump; if he raises a small check, he is a thief and then the law raises the devil with him; if he is a poor man, he is a poor manager and has no sense; if he is rich, he is dishonest but considered smart; if he is in politics, you can't place him, as he is an undesirable citizen; if he goes to church, he is a hypocrite; if he stays away from church he is a sinner; if he donates to foreign missions, he does it for show; if he doesn't, he is stingy and a tight wad.

When he first comes into the world, everybody wants to kiss him; before he goes out they want to kick him.

If he dies young, there was a great future before him; if he lives to a ripe old age, he is simply in the way and living to save funeral expenses.

This life is a funny road, but we all like to travel it just the same.

To get the most satisfaction out of Life's Journey

DEPOSIT YOUR MONEY IN

THE BARAGA COUNTY STATE BANK,

BARAGA, MICH.

It may be all right, but we doubt very much its value in the way of advertising a bank. We think that something more satisfactory than this could have been secured, but we are open to conviction.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

THE Northern New Jersey Trust Company of Edgewater, N. J., every month sends out a post card carrying a calendar of the current month and some good savings arguments in a mortise.

The Cleveland Trust Company is sending out a series of pictures entitled, "Cleveland, Past and Present," showing the contrast between the Cleveland of half a century ago and today. On the flap of each card is some good advertising matter concerning the facilities of the company.

The Merchants & Manufacturers National Bank of Milwaukee uses a clever cut-out card for its statement. It is ornamented by a view of Great Milwaukee.

The German-American Trust Company of Denver, Colo., gets out a very attractive statement folder containing an exterior and interior view of its building printed in colors.

The Maine Savings Bank of Portland, Me., gives away a post-card with a picture of the main entrance to its building, under which are the words: "This is the doorway to one of the safest places in the world to deposit your money."

First National Bank of West Elizabeth, Pa., makes use of an advertising blotter, one-half of which is taken up with the reproduction of appropriate drawings from *Judge* and the other half is an argument in favor of opening a bank account with that bank. A. G. Boal, cashier, sends a sample of the pay envelope which is being distributed at local factories, the copy on the envelope being as follows:

I WILL SAVE

a portion of my wages or salary and I will deposit this amount on my savings account each pay day. By doing this my money will be working for me and by this accumulation of money now, while I am strong and can work, my future outlook will be greatly bettered.

Four per cent. Interest Paid on Savings at

THE

FIRST NATIONAL BANK,

West Elizabeth, Pa.

OPEN SATURDAY EVENINGS.

Mr. Boal writes:

Enclosed find sample of a new pay envelope ad which we are using. Much has been said about the use of the second personal pronoun.—you and yours,—in advertising. I do not know how the first person will work out. What is your criticism?

We think that it is an excellent idea to use the first person occasionally, as the reader is more likely to take the lesson to heart.

Northwestern National Bank,
Minneapolis, Minn.

Reaching Parents Through the Children.

Other banks which are doing a little more than ordinary printing work in connection with their statement folders are: The Equity Savings & Loan Company, Cleveland, Ohio; The National Stock Yards National Bank, National Stock Yards, Ill.; The First National Bank, Northfork, W. Va.; The First National Bank, Billings, Mont.; First National Bank, Traverse City, Mich.

The Mechanics Bank of Baltimore, Md., departs from the usual method of statement advertising in its large newspaper advertisement reproduced herewith, in which it asks people to "please read this advertisement."

Among the best banking house organs are the *Economist*, published by the Columbus Savings & Trust Company, Columbus, Ohio, and the *Solicitor*, published by the Wachovia Loan & Trust Company, Winston-Salem, N. C. The form letter sent out at the holiday season by the latter company was as follows:

INVENTORY TAKING.

Dear Sir:

This is the time of year when stock taking is the order of the day. We hope the result of your inventory will show the year 1909 to have been most satisfactory in every way.

Magazine Copy.

As "Stock-taking" time is also the time for making changes and improvements that will be beneficial we would ask

WHY NOT PATRONIZE THIS BANK?

"The proof of the pudding is the eating thereof" and you are invited to open an account here on trial. You will find the change entirely satisfactory and our service all you desire—something more than you may have had—a something missed which you need.

Good financing consists in keeping some money ahead with a good bank on which to draw. You will find helps here which will aid you very much in financing your business. When you become a depositor you receive the best efforts of North Carolina's largest bank to supply your needs. We study conditions that depositors and the bank may be benefited thereby.

We want your account. To open a checking account just fill out the deposit ticket herewith and pass and check books will be sent you. To start a savings account fill out the card and send the amount on hand.

The more than four million eight hundred thousand dollars on deposit from thousands of patrons speaks for our protection and service.

January first being a legal holiday the bank will be closed. Deposits made by Jan. 5th draw interest as of the 1st.

Yours truly,

WACHOVIA LOAN & TRUST CO.

A good method of taking advantage in advertising of membership in a state association is shown in the following advertisement used by the Farmers State Bank of Osmond, Neb.:

An Interesting Letter.

Dec. 10th, 1909.

"Chas. H. Stewart, County Attorney, Pierce, Neb.,

Dear Sir: Would you kindly inform me if the Nebraska Bankers' Association were in any manner instrumental, and if so, to what extent, in capturing the Hadar Bank robbers." Yours very truly,

M. J. Kuhl, Cashier.

Pierce, Neb., Dec. 14th, 1909.

"M. J. Kuhl, Cashier: In reply to your letter I beg to say that the Nebraska Bankers' Association were very largely instrumental in the capture of the Hadar bank robbers. At their own expense they immediately placed upon the case a very good detective, Mr. Jack Searles, who was tireless in his efforts to find new and additional evidence against them and who, by the way, was the first person to present me photos of the three men who were later arrested, with the suggestion that in all probability they were at that time in Sioux City, Iowa. The matter of the real arrest and actual capture, I must say was almost entirely due to the energy and activity of our former sheriff, Ed A. Dwyer. Mr. Searles was kept on the case and only taken off when I advised the association that I considered his services no longer necessary and at the trial of Morrison he served us well in many ways and was an unusually available witness for the state. In conclusion, I will say that I consider a large share of the credit for the arrest and conviction of Morrison is justly due to the Bankers' Association and especially to their secretary, Mr. Wm. B. Hughes."

We Are Members of the Nebraska Bankers' Association.

FARMERS STATE BANK,

Osmond, Nebraska.

Responsibility of Stockholders Over One Million Dollars.

A good follow-up letter used by the First Mortgage Guarantee & Trust Company, Philadelphia, Pa., is as follows:

Referring to our recent letter on 'How to Save by Mail", we again write to urge you to send your deposit. We do not wish to appear insistent but believe your greatest difficulty is in the starting.

It is not necessary to have a large amount of money to send as a first deposit, $1.00 or more will open a savings account, and you can send additional deposits any time thereafter in any amount, $1.00—$5.00—$10.00 or as much as you care to.

Our President, Leslie M. Shaw, while Secretary of the United States Treasury, made a study of the banking facilities throughout the entire United States, and he believes that this plan of saving by mail is more practical, is a great deal more convenient and will be of more benefit to you, than if you send your deposits to your home bank.

Governor Shaw accepted the Presidency of The First Mortgage Guarantee and Trust Company because he wanted the people of this country as his business asso-

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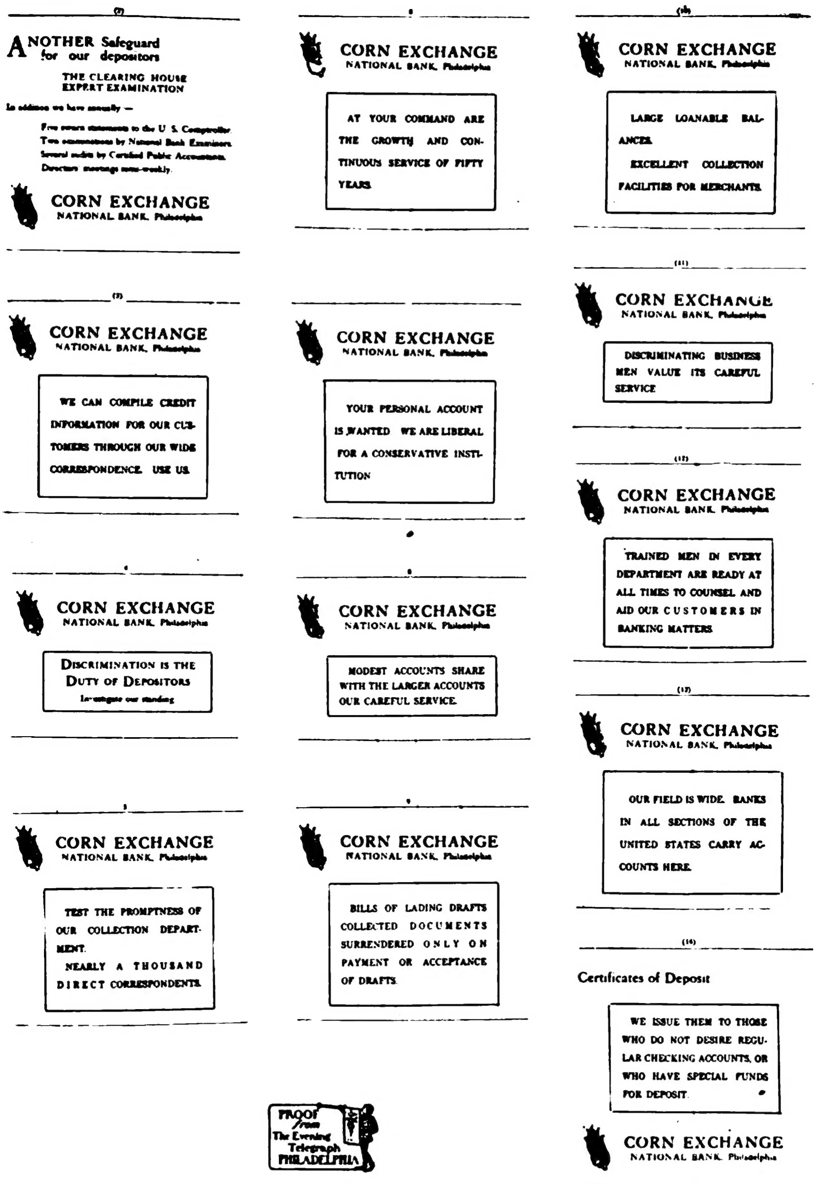
A Map Emblem.



Good Use of Small Space.

ciates and he will handle their deposits with the same care as he handled the hundreds of millions of dollars for the United States Government.

We want you to become a depositor and to help make this institution one for the people, where the small account is as welcome as the large one. Do not lay this letter aside until you have sent us your deposit. Send $1.00 if that is all you can spare today, but begin now.

Savings bank arguments used by Edwin R. Fay & Son, bankers, Auburn, N. Y., are as follows:

The man with a light bank account usually has a dark future.

Your income may stop at any time, but your expenses will keep right on.

No matter what your vocation, prudence dictates that some part of your income should be saved.

Money burns holes in the pocket, but it is cool and safe in the bank.

The dollar saved, not the dollar spent, leads to prosperity and independence.

When you earn a dollar make it earn something for you.

How would you like to work night and uay, Sundays and Holidays? That is the tireless, ceaseless way that money at interest will work for you.

Where is the money you have been earning all these years? You spent it and somebody else put it in the bank. Why don't you put your own money in the bank for yourself—Why let others save what you earn?

The hardest part of anything is to start. It is easy when you get going. Just make up your mind to start an account today and you will find it so easy to keep it up that you will wonder why you never had a bank account before.

Deposit when you like, withdraw when you please. We are always glad to comply with your wishes.

You can send deposits by mail. We receive a great many deposits through the mail with absolute safety.

If you are not accustomed to banking, just call and talk it over.

We will appreciate your account, and will make your banking easy and pleasant for you.

The Manufacturers National Bank of Troy, N. Y., believes in a graphic presentation of its arguments, as can be seen from its newspaper advertisement reproduced herewith.

BANK BOOKLETS.

AMONG the good recent bank advertising booklets are these:

The Union Trust Company, Pittsburgh—A booklet reproducing a strong series of newspaper ads.

First National, Montgomery, Ala.; C. L. Chilton, Jr., advertising manager—"Where Are Your Valuables?" A good argument for the safe deposit box.

First National, Hudson, N. Y.—A stock booklet, "Banking Hints to Customers."

North & Co., bankers, Unadilla, N. Y.—A statement and history of the bank.

Mercantile Trust Company, St. Louis—"Investment Offerings."

Old Colony Trust Company, Boston—A splendid historical sketch of Boston and the Old Colony Trust Company.

The Indiana Trust Company, Indianapolis—"John Bentley's Prophecy," a good illustrated story booklet dedicated to the proposition that "some time an opportunity will come to you, and if you are ready success is yours."

American Trust and Savings Company, Evansville, Ind.—A finely illustrated general banking booklet.

Haverhill National, Haverhill, Mass.—"Banking Made Plain," a good stock bank booklet.

Commonwealth Trust Company of Pittsburgh, W. G. Gundelfinger, assistant secretary—"Banking by Mail." An attractive and effective presentation.

Commercial & Savings Bank, Canton, O.—"Funds for Travelers." A good stock booklet on letters of credit, travelers' checks and foreign money.

The Superior Savings & Trust Company, Cleveland—"Banking Money by Mail." Has an attractive cover with an all-over postage stamp design. Good text matter.

The Garfield Savings Bank, Cleveland—"The Advantages of Branch Banking." Strong and convincing.

United States Trust Company, Washington, D. C.—Excellent epitome of trust company service.

The Citizens' Savings and Trust Company, Cleveland—"Forty Years of Conservative Banking." A No. 1 stuff.

The National Bank of Washington, D.C.—A few facts and glimpses of the oldest bank in the national capital. A 100th anniversary booklet. By Clarence F. Norment.

The Colonial Trust Company of South Sharon, Pa., booklet entitled "Franklin's Key." This is a short biography of Benjamin Franklin, written by Wayne Whipple, who is an interesting and prolific writer on biographical subjects. The booklet contains a list of Poor Richard's thrift sayings and the book cover is ornamented by a picture of the bank distributing the booklet.

NEW BANKS IN TURKEY.

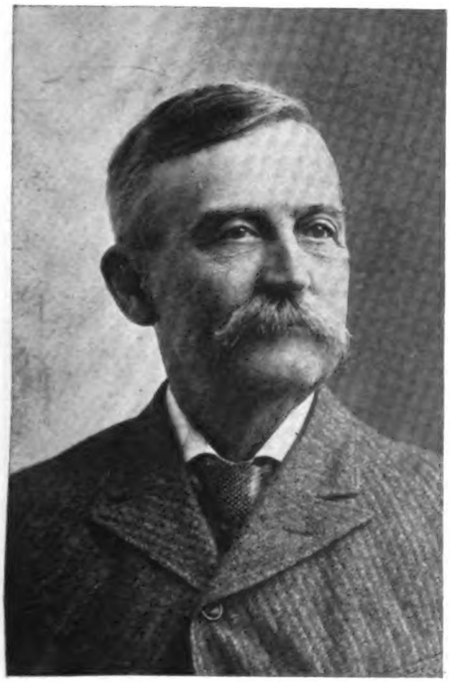
CONSUL MILO A. JEWETT reports as follows, from Trebizond, on new banks in Asia Minor:

The Bank of Athens has recently established branches at Trebizond and at Samsoun, in this consular district. This bank is an important Greek concern with headquarters at Athens. Its paid capital and reserves are reported to be 50,000,000 drachmas ($9,650,000). Branches are also maintained at Constantinople, London, Alexandria, Cairo, Khartoum, Smyrna, Saloniki, Cavalla, Piræus, Syra, Calamata, Volo, Canea, Candia and Rethymno. The Bank of Athens does a general banking business and also has the features of a savings bank.

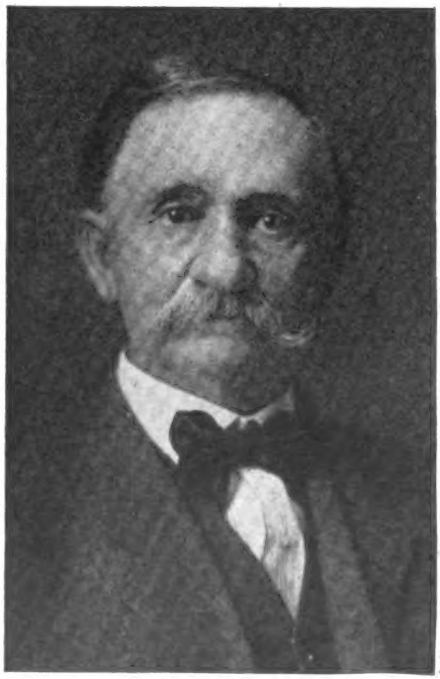
It is thought that several other banks are likely to establish branches at Trebizond. Among these are the National Bank (Anglo-Turkish), Bank of Saloniki (Turkish), Russian Comercial Bank, Bank of Metelin (Greek), Deutsche-Orient Bank (German), and the Societa Commerciale d'Oriente (Italian).

THE BOISE CITY NATIONAL BANK, BOISE, IDAHO.

THE Boise City National Bank of Boise, Idaho, grows constantly in influence and fame in the western financial world. The record of this bank is an enviable one, for from a modest beginning, in a frontier town, it has become the strongest institution in a wealthy and growing state. Organized in 1886, with a capital stock of $100,000, its business and influence has steadily increased, and the man-



F. R. COFFIN
President.



TIMOTHY REGAN
Vice-President.

J. E. CLINTON, JR.
Vice-President.

F. F. JOHNSON
Cashier.

FRED BROWN
Assistant Cashier.

B. W. WALKER
Assistant Cashier.

agement has established a reputation for being progressive and conservative, for it is one of the few institutions that can show an uninterrupted growth.

During the financial flurry of 1907-8,

Where the Directors Meet.

deposits showed a marked increase, and it was enabled to extend aid to a large number of banks in Southern Idaho. This fact, together with the general policy of caring for its customers, has given it connection with nearly every important point in the Northwest.

MODERNLY HOUSED.

The Boise City National Bank is the Government depository for the State of Idaho, and has been specially designated as depository of the Post Office Department. It occupies its own modern building, a massive stone structure, worth $250,000. While the business has steadily increased from the beginning, its most rapid, not to say phenomenal growth, has taken place since July, 1906, at which time control passed into new

hands with an official staff consisting of F. R. Coffin, president; Timothy Regan, vice-president, and J. E. Clinton, Jr., cashier and active manager in charge. In that time the deposits have increased from $1,035,000 to $2,500,000, and the bank's policy has been broadened while retaining its well-known financial soundness.

The capital is now $250,000, with a surplus and profits of over $170,000. A recent statement shows their deposits to be $2,500,000, loans over $1,500,000, and cash and sight exchange $1,000,000, making their reserve over forty per cent.

New Officers.

The business of the bank having increased so rapidly, it became necessary to increase the official staff, and at the January meeting, Mr. Clinton was elected a vice-president, with an enlarged field of action, and F. F. Johnson, formerly of Wallace, Idaho, was elected cashier.

Mr. Johnson is well and favorably known to the banking fraternity as a banker, with many years of successful experience, and this increase in their staff, will enable the bank to still better keep abreast with the requirements of the growing community which it serves. The stock of the bank is held by a group of the strongest men, financially, in Idaho and the Northwest.

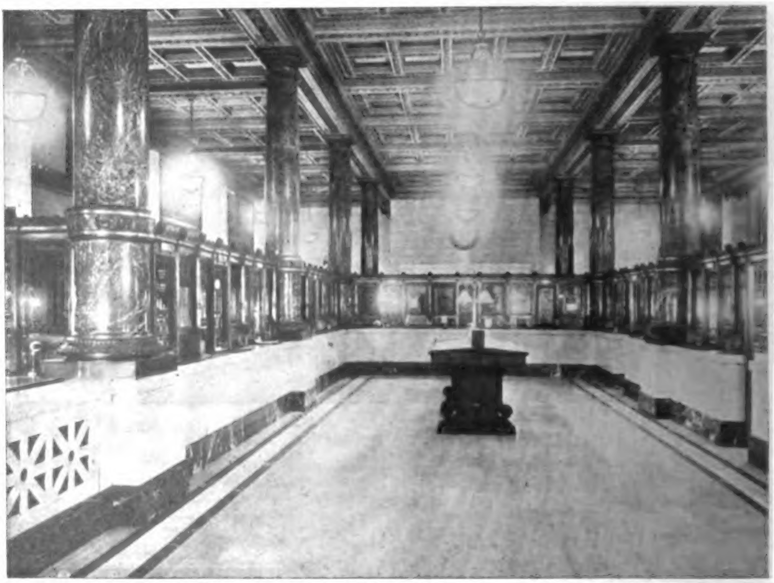
Boise—A City of Large Bank Clearings.

Boise is the financial centre of Idaho banking activity, and an idea of the rapid progress which it is making may be gained from the fact that whereas the total "in" clearings of the Boise Clearing-House in 1908 were $19,728,651.77, they amounted to $36,286,577.42 in 1909. Of this amount the Boise City National Bank, in a membership of six banks, had thirty-five per cent.

IMPROVED ARTIFICIAL LIGHTING FOR BANKS.

LIGHT is an essential element in the performance of efficient bank work, and artificial light must be relied on by all banks either partially or wholly—a fact that makes welcome every substantial improvement in the means of dispelling darkness.

Candles have been displaced by oil lamps, and the latter in turn by incandescent and arc lights. The incandescent light with the carbon filament has been followed by the Tungsten lamp, and the latest candidate for public favor is the Mazda lamp, with an improved Tungsten filament. It is stated that a sixteen-candle power carbon filament lamp and a forty-eight candle power Mazda lamp require approximately the same current, so that a bank lighted by carbon filament lamps can have three times the light without increasing the current consumption



Banking Rooms of the Fidelity Trust Company, Buffalo, N.Y.—The Illumination Shows a Hemispherical Type of Fixture, the Greater Percentage of the Light Being Thrown Downward.

Merchants' Bank, Rochester, N. Y.—An Effective Method of Grouping Lamps in Alabaster Globes.

by installing Mazda lamps, or if the present lighting is considered sufficient, an installation of these lamps will more than cut in two the bills for current and maintain the same amount of light formerly enjoyed.

The new lamp not only shows an improvement in the quantity of light given, but also in its character. In the old-style carbon filament there was a large percentage of yellow rays, while the new lamps give a white light closely resembling daylight—the nearest approach to it, in fact, now possible in incandescent lighting.

These new lamps may be installed very

Offices of Louisville, (Ky.) Lighting Company.—An Attractively Lighted Corridor, Showing Combination of Globes and Bell-Shaped Reflectors.

Lobby Hotel Iroquis, Buffalo, N. Y.—Ceiling Fixtures Combining Glass Beading Shades With a Cluster of Unshaded Bulbs. This Style is Well Adapted to Bank Lighting.

Section of Carnegie Steel Company's Offices, Pittsburg, Pa.—Correct Desk Lighting Effected by Holophane Shades Placed on the Ceiling, Giving a Uniform Light Distribution on Desk Tops, Causing Locally Arranged Desk-Lighting Units to be Unnecessary.

readily, as they correspond closely in size and shape to the electric bulbs now in use. To get the best effects it is, of course, necessary that the light be properly diffused, reflected or distributed.

The flexibility of incandescent lighting makes it possible to distribute the light sources where they are most needed. But even this does not always secure a uniformly agreeable and useful distribution of the light itself.

With modern reflectors of the extensive, intensive and focussing types, it is possible to secure the most useful distribution of light and at the same time maintain a harmonious and pleasing arrangement of the lighting fixtures, chandeliers and globes. part of the decorative scheme, the elaborate- These fixtures should form a harmonious ness and cost of the fixtures to be determined by local conditions.

The accompanying illustrations give some idea of the quality and power of the new lamps, but photography can only imperfectly show the really remarkable improvement in artificial lighting which these lamps represent.

Better lighting in the banks enables the clerks and officers to work with greater ease, as it relieves the strain on the eyes, and it contributes materially to efficiency and accuracy by saving time and minimizing the chance of error, and by making the banking rooms more cheerful it adds to the satisfaction of those who work for the banks and those who deal with them.

WHY HE TRANSFERRED HIS ACCOUNT.

THE receiving teller in a savings bank threw a full pass-book aside and transferred the balance to a new book.

"I want to keep the old book, too," said the depositor.

"It's not the total I'm thinking about. I want to preserve the record of my savings. My wife and I think a lot of that book. It means a great deal to us."

There was a balance of more than $2,000 to the depositor's credit; the book was filled to the last line. The entries covered a long series of years and the pages were yellow and worn. It was a record of long-sustained self sacrifice. Evenings, he and his wife had gone back over it, occasionally, with a just sense of attainment. The book had become an intimate companion. But the bank took no account of this. It placed no sentimental value on the pass-book.

"Sorry," said the teller, reaching for the next deposit; "it's our rule, you see."

Edged aside, the depositor went to the cashier, who argued suavely. "The rule was customary, and really, what difference did it make."

The loss of the book, however, rankled, and as soon as the next interest period was reached the depositor quietly closed out his account, taking it to another bank to open it there.

An arbitrary and non-essential rule may play havoc with a business. The depositor had held this book for years; what harm could come from his keeping it? Indeed, it was his property. There was no more danger to the bank in his retaining it than there was in his having it in the first place, especially if cancelled.

An example of the common business rule that leaves out of its reckoning that paramount element, the personal.—*Richard Bracefield in System.*

HOLDERS OF GOLD.

THE great holders of gold are the state banks of Europe and the United States Treasury, the latter institution leading all the rest with the tremendous amount of $1,034,000,000, of which $875,000,000 is held against gold certificates in circulation, $150,-000,000 as reserve against the greenbacks and $9,000,000 in unpledged Treasury surplus.

Next comes the Bank of Russia, with $713,880,000, of which part is security for $610,000,000 outstanding notes. Third in rank is the Bank of France, with $707,000,-000 gold, held largely against notes, though this great bank, which carries much silver money, reserves the right, according to its judgment, to pay out silver—a sort of limited bimetallism, discreetly regulated in practice. The other large holders of gold are, in their order: Bank of Austria-Hungary, $285,000,000; Bank of Germany, $179,-825,000; Bank of England, $172,545,000. A relatively small holding of gold sustains the mighty fabric of British credit.—*Mexican Herald.*

BOOK REVIEWS.

MY BANKER AND I; a practical handbook for every one who has a bank account. By J. George Kiddy. London: Waterlow & Sons, Ltd.

Although written for the instruction of the customers of English banks, this book contains very much that is valuable for all persons having dealings with banks. It also gives many practical suggestions for transacting banking and financial business, and is a decidedly helpful book.

BOOKS RECEIVED.

DAY IN COURT: or, The Subtle Arts of Great Advocates. By Francis L. Wellman. New York: The Macmillan Co. Price, $2 net.

HOME OFFICES, FIDELITY AND CASUALTY COMPANY NEW YORK CITY.

THIS new building, just completed for the Fidelity and Casualty Company, is twenty-one stories high, of modern skyscraper construction and faces Liberty street on the north and adjoins the company's old building on the south. The wind bracing of this structure has received special attention of the architects owing to the great height, as compared with the narrow frontage.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Under a new quarterly dividend of eight per cent., the Guaranty Trust Company will pay out in annual dividends $1,600,000. This increase is in keeping with the plans laid out at the time of the merger with the Guaranty Trust Company of the Morton and Fifth Avenue Trust Companies. Deposits of the Guaranty are now about $15,000,000 larger than were the aggregate deposits of the three institutions at the date of the November call.

—William V. Hudson has been elected secretary and treasurer of the West Side Savings Bank. Mr. Hudson is the son of John H. Hudson, who organized this bank, and who for thirty odd years was its secretary.

—The spring meeting of the executive council of the American Bankers' Association will be held at Atlantic City, with the Marlborough-Blenheim Hotel as headquarters. Monday, May 2, will be given up to committee meetings; Tuesday and Wednesday, May 3 and 4, to council meetings.

—The appointment of Walter Wolf as third deputy superintendent has been announced by O. H. Cheney, New York State Superintendent of Banks. Mr. Wolf was formerly an expert accountant in the City Comptroller's office, engaged in revising the accounts and methods under Mr. Metz and Mr. Prendergast.

—Harrison S. Colburn, president of the Deed Realty Company, has been elected third vice-president of the Flatbush Trust Company. Mr. Colburn was for three years the trust officer of the company, having resigned some time ago to accept the presidency of the Deed Realty Company, which he now relinquishes to return to the trust company.

HARRISON S. COLBURN
New Third Vice-President of the Flatbush Trust Company.

Mr. Colburn, although under forty years, has had an active and successful career. Born of New England Puritan stock, he

received his early education in the public schools of Fitchburg, Mass. He is a graduate from the High and Manual Training Schools of Toledo, O. Before entering business life, however, he had the advantage of the broadening influence of college and university work in Purdue and Columbia Universities, from both of which he is a graduate. In the year 1902 he received the degree of Master of Arts from Columbia University. From 1895 to 1898 he taught in the Central High School of Cleveland, O. Later on he had charge of the educational department of the West Side Y. M. C. A. of Manhattan. During the past year he has been president of the Deed Realty Company, a New York building and developing company, which has extensive interests in Brooklyn and its vicinity.

In connection with Mr. Colburn's election, Franklin P. Schenck, assistant secretary, was promoted to the secretaryship, John Egold was made assistant secretary and Frederick A. Lippold was appointed second assistant secretary. The Flatbush Trust Company has a capital and surplus of nearly $600,000 and deposits in excess of $400,000.

—A twenty-story office building will be erected on the southwest corner of Broadway and Park place, and the Irving National Exchange Bank, now located at West Broadway and Chambers street, will lease and occupy the lower rooms, thus becoming a Broadway institution. F. W. Woolworth, a director of the bank, is the purchaser of the new site.

—Henry Rutgers Marshall, as architect for the directors of the Fifth Avenue Bank, at the northwest corner of Fifth avenue and Forty-fourth street, has filed plans for enlarging the building by annexing the automobile salesroom adjoining at 3 West Forty-fourth street, a one-story building, twenty-five feet front and 110 feet deep, which will be refitted at a cost of $25,000 as a parlor for depositors and additional quarters for the bank clerks. The facade will be rebuilt to harmonize with the main building.

—The Yonkers National is being organized by business men of Yonkers. The capital is to be $200,000, and so great was the demand for stock that subscriptions from local people only were received. The bank will begin business with a paid-in surplus of twenty-five per cent.

—The Bank of the Manhattan Company, of which Stephen Baker is president, has acquired a substantial interest in the Bank of Long Island, which has increased its capital from $500,000 to $750,000. The bank of the Manhattan Company is the oldest State bank and the second oldest bank of any kind in New York State. Its capital is $2,000,000; surplus, $3,050,000; undivided profits, $905,347, and deposits, $35,000,000. The Bank of Long Island, with a capital of $750,000, has a surplus of $400,000 and deposits of $5,200,000. Its main office is in Jamaica.

—L. R. Strong, for a number of years special agent eastern financial department American Express Company, 65 Broadway, has resigned to accept a position as special representative with the well-known international banking house of Knauth, Nachod & Kühne.

NEW ENGLAND STATES.

—The proposed increase of $1,000,000 in the capital of the First National Bank of Boston, raising it from $2,000,000 to $3,000,000, was ratified by the shareholders March 14. The new issue is offered to the stockholders of record March 14 at $300 per $100 share, and the subscriptions are payable on April 4.

—The stockholders of the Old Colony Trust Company of Boston on March 15 approved the proposition to increase the capital from $1,500,000 to $2,500,000. The new stock is issued to complete the recent consolidation entered into with the City Trust Company of Boston. While the Bunker Hill branch of the latter at Charlestown was taken over by the American Trust Company, the title to the property since the consolidation has rested with the Old Colony, and at Tuesday's meeting of its stockholders action was taken toward enabling the directors to transfer this title. It is understood that the American Trust will for the present lease the property and ultimately purchase the same.

—It has been voted to increase the capital stock of the State Street Trust Company of Boston to $1,000,000 and the surplus to $1,000,000, by the issue of 4,000 shares of stock at $200 per share. The stock will be offered to the stockholders in the proportion of two shares of new stock for each three now held; payment for the new stock to be made on April 9. Rights to subscribe expired March 31, 1910, and any stock not subscribed for will be disposed of by the directors at their discretion at not under $200 per share.

—T. Harlan Breed of Lynn, Mass, is the dean of Boston bank officials, having associated himself with the Second National Bank of Boston in July of 1864. He is now the bank's cashier, and the recent resignation of his assistant, Henry O. Fuller, which took place March 1, marks the first break in the business relationship of three remarkable figures in Boston banking circles, this trio being composed of Mr. Breed and his two assistants, Henry O. Fuller and John H. Symonds, who have been associated with the interests of the Second National Bank of Boston during the last forty years.

Mr. Breed entered the employ of the institution in July of 1864, and was head bookkeeper for thirty years. In 1894, after acting as assistant cashier, he was promoted to the position he now occupies. When he entered the Second National it had a capital of $900,000. Today the institution is capitalized at $2,000,000, has a surplus of $2,000,000, deposits aggregating $24,000,000 and undivided profits amounting to $900,000.

—No charter will be granted to the Industrial Co-operative Bank of Fall River, Mass. The petition was opposed by other banking interests in Fall River on the ground that there were already enough institutions of the kind in the city.

—The stockholders of the Hallowell National and Northern National Banks, of Hallowell, Me., have voted to go into voluntary liquidation and then merge the two institutions into a trust company under the corporate name of the Hallowell Trust & Banking Company. The new institution will have a capital stock of $100,000.

EASTERN STATES.

—Stockholders of the Germania Savings Bank of Pittsburgh have voted unanimously for a renewal of the charter under which it does business, and application will be made to the Secretary of the Commonwealth April 28. The Germania will be forty years old on that date.

—James M. Wilcox, vice-president of the Philadelphia Savings Fund Society, has been elected a director of the Fourth Street National Bank of Philadelphia, filling the vacancy caused by R. H. Rushton's death.

—The Textile National of Philadelphia has moved into its new marble home at Kensington avenue and Huntingdon street, Philadelphia. All of the furniture is of mahogany and the appointments of marble and bronze. Organized in 1904, the bank has been unusually successful. At the present time the capital is $200,000 and the deposits will run more than a $1,000,000.

—Emil Rosenberger has been elected president of the Real Estate Title Insurance & Trust Company of Philadelphia, to succeed the late Holstein De Haven. Mr. Rosenberger, who was second vice-president and trust officer, is replaced as second vice-president by Henry W. Hall and as trust officer by Thomas W. Jopson.

—William T. Rutty has become secretary and treasurer of the Mortgage Trust Company of Philadelphia, succeeding the late H. B. Tener. Mr. Rutty advances from the post of assistant secretary and treasurer, his successor in that office being Linford Eastburn.

—In addition to Freas B. Snyder, who continues as assistant cashier of the Merchants' National Bank of Philadelphia, the following have also been made assistant cashiers of the institution, namely, N. P. Gatling and H. J. Haas.

—The board of directors of the Germantown Trust Company of Philadelphia have elected William T. Murphy, second vice-president; A. H. Bruton, assistant title officer and C. C. Smyth, assistant trust officer.

—C. Percy Webster has been made cashier of the Swarthmore National Bank of Swarthmore, Pa., in place of Henry C. Saulnier.

—The merger of the Baltimore Trust & Guarantee Company and the International Trust Company of Maryland at Baltimore, is to take place under the name of the Baltimore Trust Company and becomes effective on April 1. The new company will have a capital of $1,000,000 (in $50 shares) and a surplus of $2,500,000.

SOUTHERN STATES.

—Lawrence E. Sands succeeds the late Joseph E. Sands as president of the First National Bank of Fairmont, W. Va. Benjamin D. Fleming succeeds Lawrence E. Sands as first vice-president. The First National of Fairmont reports deposits of $1,518,153 and total resources of $1,977,231.

—A summary of the condition of State banks in North Carolina at the close of business, January 31, has been issued by the Corporation Commission, showing total resources of $57,383,689.54 for the 322 banks now doing business in the State, as compared with $48,954,015.84 total resources for 311 banks doing business under State supervision one year ago. The report just issued shows aggregate capital stock, $7,853,572; surplus, $1,927,527; undivided profits, $1,682,339; time certificates of deposit, $6,203,887; deposits subject to checks, $26,809,063; demand certificates of deposit, $2,686,656; savings deposits, $5,710,640.

—The increase of the capital stock of the Atlanta National Bank of Atlanta, Ga., from $500,000 to $1,000,000, recently decided upon by the directors, has been approved, the increase to take effect April 2.

The bank has a surplus of $935,000, which, together with its increased capital stock, makes it practically a $2,000,000 institution, and one of the strongest banking concerns in the South.

The officers are: C. E. Currier, president; Hugh T. Inman, vice-president; George R. Donovan, cashier, and James S. Floyd, assistant cashier.

—At a special meeting of the stockholders of the Wachovia Bank & Trust Company of Winston-Salem, N. C., March 17, it was authorized that the capital stock be made $2,000,000, double its former amount. The directors met immediately afterward and decided that the paid-in capital should be $1,250,000. The new stock will be sold at $125 a share, and virtually all of it has been subscribed.

—Four successful years have just been completed by the Exchange Bank of Savannah, Ga., as the birthday statement will show. Each year the bank has gained both in deposits and in profits. For the first year's business there were $191,724 of deposits, at the end of the second year this total had been swelled to $287,795, another $100,000 was added the third year, and now at the close of the fourth year the deposits are reported to be $568,595. The undivided profits account is now credited with $28,560, and the report also shows that $22,500 have been paid out in dividends, bringing total net earnings up to $51,060. The bank is capitalized for $125,000. W. W. Osborne is president; A. J. Garfunkel, vice-president, and John J. Powers, cashier.

—Colonel Robert J. Lowry, well-known and well-beloved banker of Atlanta, Ga., was the guest of honor at a banquet given in Atlanta on the evening of March 4, in honor of his seventieth birthday. Mayor Maddox of Atlanta presented him with a silver vase as a token of appreciation of his helpful and consistent life and residence in the South. Colonel Lowry will be remem-

bered by bankers everywhere as a one-time president of the American Bankers' Association.

—R. O. Harris has been chosen to succeed A. I. Selden as president of the Central Trust Company of Mobile, Ala.

—Plans have been completed for the organization of the Continental Trust Company at Macon, Ga., with half a million dollars capital. R. J. Taylor, president of the American National Bank and also of the Home Savings Bank, will be head of the organization, and W. R. Rogers, secretary and treasurer. Mr. Rogers is now cashier of the Home Savings Bank. The change in the Home Savings Bank will be made, and as soon as the right authority to do business is secured from the comptroller-general a meeting will be held and all officers and directors will be named. It is expected to begin business about April 15.

—The City Bank and Trust Company of Birmingham, Ala., which has been undergoing reorganization for some time past, added $50,000 to its capital at a recent meeting, and also elected several new officers and directors. The new stock, which has all been paid in, increases the capital to $100,000. The institution has a surplus of $15,000 and a suspense account of $17,000 for possible contingencies.

The officers of the bank are: George M. Webb, president; Carl H. Seals, vice-president; E. C. Dunn, cashier, and H. S. Davis, assistant cashier. The new directors elected are M. J. Dillard; John M. Webb, president of the Webb Book Co.; Judge A. C. Howze, attorney; Judge J. L. Webb; Louis Pizitz, merchant; Congressman E. Y. Webb; Messrs. E. Y. Webb and J. L. Webb, brothers of President Webb.

—On March 8 the Birmingham Trust and Savings Company of Birmingham, Ala., reported a capital stock of $500,000, a surplus of $350,000, undivided profits of $68,552, deposits of $4,339,475, and total resources of $5,258,127.

—The Bankers Trust Company of Houston, Texas, has issued, through its president, H. N. Tinker, its first half-yearly report. In many respects the report is a remarkable one and it certainly speaks highly for the efficiency of those who conceived and organized the company. The report states that the net earnings for the first six months amounted to something over $60,000, or twelve per cent. on the capital of $500,000. The first semi-annual dividend of five per cent. was declared payable on March 1, $25,000 was carried to the surplus fund and the balance placed to undivided profits. While the company is empowered to conduct a regular banking and trust business,

it does not take deposits in any way except for immediate investment. The phases of its business embrace corporate trust, individual trust, real estate, legal, insurance, auditing and financial departments. The directors have conferred upon the officers authority to issue debenture certificates not to exceed $500,000, which certificates are direct obligations of the company, bearing five per cent. interest, payable semi-annually. The certificates are intended as a means for employing idle money of its customers and are issued in sums of $100, $500 and $1,000. They bear the endorsement of the Union Bank and Trust Company to the effect that a like amount of first mortgage real estate notes are held to secure the payment of the certificates..

—John T. McCarthy has tendered his resignation as cashier and director of the Merchants National Bank of Houston, Texas. He has not, up to the present time, decided upon his future connections.

—Few institutions have shown such marked success, such rapid and substantial growth as the Hamilton National Bank of Chattanooga, Tenn. Although only five years old, it is today the second largest bank in the city, and together with its associate institution, the Hamilton Trust and Savings Bank, transacts fully one-third of all the banking business in Chattanooga.

It opened for business October 10, 1905, with a capital stock of $250,000. On November 9, in response to the first call of the Comptroller of the Currency, its deposits were $630,660.77. Each report since that time has shown a decided increase in deposits, until they now reach the sum of $2,850,000.

The capital stock was increased April 20, 1908, to $400,000, with surplus and profits of $150,000. On January 18 of the present

Hamilton National Bank, Chattanooga, Tenn.

year the capital stock was increased to $500,000, which amount was over-subscribed by the old stockholders. Its surplus and profits now are $225,000.

The necessity for more floor space for this growing institution brought about the decision to construct a modern office building, with accommodations for the bank as the chief object, and within the next sixty days will be begun the erection of the fourteen-story bank and office building illustrated herewith.

This bank has a particularly strong and representative directorate, as well as an able and efficient management, the officers being as follows: T. R. Preston, president; H. T. Olmsted and G. H. Miller, vice-presidents; C. M. Preston, cashier, and C. L. Knoedler, assistant cashier.

MIDDLE STATES.

—The South Chicago Savings Bank has increased its quarterly dividend rate from one and a half to two per cent., placing the shares on an eight per cent. annual basis.

—It is reported that Edwin F. Rorebeck and C. H. Meyer will be appointed National Bank Examiners for Chicago. Mr. Rorebeck is now National Bank Examiner of the Pacific slope, while Mr. Meyer is State Bank Examiner for Illinois.

—G. W. Peck and F. A. Lockwood, with the N. W. Halsey Company of Chicago, have withdrawn to organize a new firm, which will include W. H. Emery. The firm will be Emery, Peck & Lockwood, and will have offices in the Commercial National Bank Building, Chicago.

—The title of the Oakland National Bank of Oakland, Ill., has been changed to "The Washington Park National Bank."

—William G. Lackey, who was vice-president and bond officer of the Mississippi Valley Trust Company of St. Louis, has resigned as bond officer and will hereafter officiate only as vice-president. James H. Grover has been chosen to serve as bond officer. William McC. Martin, who had previously been assistant bond officer, a short time since was made assistant trust officer.

—Anticipating the action which was generally expected, the directors of the Boatmen's Bank, of St. Louis, have elected Edwards Whitaker, vice-president of the bank, president, to succeed Rufus J. Lackland, deceased. Murray Carleton, a member of the board of directors, was elected vice-president, to succeed Mr. Whitaker. The action leaves a vacancy on the directorate of the bank, which probably will be filled in the near future by the election of a large customer of the bank.

—C. H. McMillan, secretary of the Mercantile Trust Company of St. Louis since its organization, has been promoted to vice-president. H. J. Scullin, nephew of John Scullin, was named assistant secretary, and W. J. Duggan, manager of the credit department of the Mercantile Trust Company since 1902, was elected secretary of the institution. Jerre B. Moberly, assistant secretary, was elected real estate loan officer. J. M. Murphy, J. H. Powers and J. H. Kruse resigned as assistant cashiers of the Mercantile National Bank to devote their entire time to the Mercantile Trust Company, in which they are assistant treasurers. They were succeeded in the bank by Irving L. Jones, R. H. McMillan and Franklin L. Johnson. The Mercantile National will move into larger quarters soon, taking possession of the lower floor of the Mercantile Building, immediately east of the trust company.

—This is the forty-fourth year for the Sturdivant Bank of Cape Girardeau, Mo. It is capitalized for $100,000, has a surplus of $25,000, and the following officers: L. J. Albert, president; R. B. Oliver, vice-president; H. L. Macken, cashier.

—A recent statement from the Bank of Farmington, Mo., shows that institution to have total deposits of $489,514, a surplus of $50,000, undivided profits of $15,409. Total resources are given as amounting to $604,953. W. M. Harlan is president; W. R. Lang is vice-president; M. P. Cayce, cashier; C. H. Giessing, assistant cashier.

—For January 31, the Mahoning National Bank of Youngstown, Ohio, reports loans and securities of $1,808,418, a capital stock of $300,000, a surplus fund of $200,000, undivided profits of $100,407 and total deposits of $1,752,671. The bank is erecting a new building, the growth of the business having justified this step.

—The City National and American-German National Banks of Paducah, Ky., have

consolidated with total resources of about $2,000,000.

The new institution will be known as the City National Bank, which has just begun the erection of a ten-story building. The bank will have deposits of $1,211,696.11.

The officers of the City National Bank will continue. They are: President, Samuel B. Hughes; vice-president, Joseph L. Friedman; cashier, James C. Utterback. L. M. Rieke, president of the American-German, will be chairman of the board of directors. The change is effective April 15.

—James E. Hamilton, vice-president of the Merchants National Bank of Cedar Rapids, Iowa, reports that his institution is enjoying an era of uniform prosperity and that it has at the present time, with its capital of $200,000, a surplus of $200,000, undivided profits of $35,000, cash and due from banks $1,900,000, loans of $3,300,000 and deposits of $5,000,000.

WESTERN STATES.

—The German National Bank of Little Rock, Ark., has made the following changes: E. T. Reaves, formerly assistant cashier, was advanced to the position of cashier, succeeding Oscar Davis, resigned, and R. H. Thompson was made assistant cashier.

—A consolidation of the First National Bank and the Citizens National Bank of Ardmore, Okla., was to become effective March 3.

—Another big bank has been organized at Tulsa, Okla., with a capital stock of $100,000. It has chosen the name of Colonial Trust Company and will be chartered as a State bank.

The organizers are: E. J. LaRue, president of the First National Bank at Columbus, Kan.; J. W. Stites of Champaign, Ill.; J. H. Gernand of Danville, Ill.; Walter Trotter, vice-president of the Landowners' National Bank of Wynona, Miss.; Morris F. Knight and E. L. Orr, wealthy citizens of Vinita, and J. W. Orr, president of the First National Bank of Tulsa. This is the ninth bank in Tulsa.

—Twin Falls, Idaho, is soon to have a fourth banking institution. C. B. Wilfley, former cashier of the Twin Falls Bank and Trust Company, with his associates, are soon to establish a new bank with a capital stock of $50,000. A building is being remodeled for the use of the new bank and the fixtures have been ordered. The three banks are in a prosperous condition, but the rapid growth of the city, owing largely to the great irrigation projects in the district, make the fourth bank almost a necessity.

—Council State Bank of Council, Idaho, has opened its doors for business, and starts out under the most favorable auspices. The officers of the bank are: President, C. E. Cunningham, cashier of the First National Bank of Caldwell; vice-president; E. W. Bowman; cashier, Henry M. Olson, recently cashier of the First National Bank of Caldwell; directors, C. E. Cunningham, E. W. Bowman, E. M. Heigho, H. M. Olson and M. J. Devers.

—J. B. Arnold of Billings, Mont., has sold a controlling interest in the Huntley State Bank of Huntley, Mont., to W. B. Bannister of Cairo, Ill. Mr. Bannister was a resident of Montana until 1904, when he went to Cairo, where he had extensive business interests. The Huntley State Bank was organized two years ago by Mr. Arnold and associates, with a capital stock of $20,000, and it has built up a most prosperous business. Mr. Bannister will be president of the bank and W. D. Scholes will remain as cashier. The board of directors, in addition to the two officers named, are J. B. Arnold, W. Lee Mains and T. A. Sindow.

PACIFIC STATES.

—J. W. Hughes, vice-president and cashier of the Farmers and Mechanics' Bank of Spokane, and three of its stockholders, have bought a site for $45,000 at Monroe street and Broadway, where a six-story brick and steel structure, forty by eighty feet, costing $100,000, will be erected this

year. The ground floor will be used to house the bank, while the five upper stories will be for hotel or office purposes.

—Charles P. Mayer, formerly a deputy in the office of the auditor of Spokane county, has been appointed cashier of the First National Bank of Hillyard, a suburb of Spokane, to succeed B. S. Shiere, resigned.

—Advices from Pendleton, Ore., are that the annual convention of the Oregon State Bankers' Association will take place there June 24 and 25. Practically all the banks in the State belong to the association, and it is estimated that at least 150 members will attend the meeting.

—Hubbard, Ore., is to have a bank as soon as the material can be had and a suitable building erected. Articles of incorporation have been filed with the Secretary of State and the capital stock of $10,000 has been fully subscribed. The directors of the new Hubbard State Bank are: G. M. Fry, S. W. Weaver, J. L. Calvert, G. N. Beck, G. W. Knight, C. M. Trullinger and Bud Thompson.

—The Mercantile Trust Company of San Francisco announces that in accordance with an agreement which has been executed, a national bank has been organized under the name of Mercantile National Bank of San Francisco, for the purpose of taking over and assuming the business of the banking department of the Mercantile Trust Company of San Francisco. The business has been transferred and the deposit liabilities of the Mercantile Trust Company of San Francisco have been assumed by the Mercantile National Bank of San Francisco, under date of March 5, 1910. The paid-up capital stock of the Mercantile National Bank of San Francisco is $2,000,000, but the capital of the Mercantile Trust Company of San Francisco will be hereafter reduced to $1,000,000 and the excess of $1,000,000 will be paid into the Mercantile National Bank of San Francisco as a surplus fund. The trust company will be continued as a corporation under the control of the stockholders of the Mercantile National Bank of San Francisco, for the purpose of carrying on a trust business. Stockholders in the two institutions are and will remain identical, under the same management, with no reduction in the present assets of the business.

—Articles of incorporation of the Fresno (Cal.) Savings Bank have been filed. The capital stock is $135,000, fully subscribed. The directors are A. Sache, W. M. Hyatt, L. O. Stephens, E. J. Bullard, J. S. Jones, D. H. Trowbridge, W. J. Kittrell, A. B. Clark, W. O. Miles, J. J. Miley and J. L. Maupin, all of Fresno. Work on the building to be occupied by the new institution is to be started at once.

—Proceedings have begun that will result in a merger of the Oakland (Cal.) Bank of Savings and the Bankers' Trust Company of Oakland.

CANADA.

—R. P. McLennen, president, and A. L. Dewar, general manager of the Bank of Vancouver, were in Ottawa, March 15, with a view to procuring a certificate from the Treasury Board, authorizing the bank to commence business.

—The Canadian Bank of Commerce, one of the four largest banks in the world, will in a few weeks open a branch in Mexico. It will be located in the Mexicana Life Insurance company's building, at Espiritu Santo and San Francisco avenue, Mexico City, the ground floor of which has been leased.

J. P. Bell, recently of Toronto, has been named as manager.

Arrangements for the opening of the Mexican branch have just been completed by Alexander Laird, general manager. The capital stock (fully paid up) of the Canadian Bank of Commerce is $10,000,000, gold, and the reserve fund is $6,000,000, gold. The head offices and home of the parent institution is in Toronto, Canada. Of all Canadian banks, it stands next to the Bank of Montreal, which is the largest, having a capital stock (fully paid up) of $14,000,-

000 gold, and a reserve fund of $12,000,000, gold. The total assets of the Canadian Bank of Commerce, however, amount to $150,000,000, gold.

B. E. Walker, C. V. O., LL. D., is president; Z. A. Lash, who is also vice-president of the tramways company of Mexico City, is vice-president, and Alexander Laird, general manager.

The bank has more than 200 branches in Canada, one in London, England, one in New York, one in Portland, Oregon; one in San Francisco, one in Seattle and one in Skagway, Alaska. It has high connections all over the world.

—The Bank of Vancouver has been formed with a subscribed capital of $600,000, of which $300,000 is paid up, and will shortly open its first office in the city of Vancouver.

—During February thirty-five new bank branches were opened in Canada, and of these no less than twenty-one were in the three prairie provinces. Seven were in Alberta, eleven in Saskatchewan and three in Manitoba. The most active bank in establishing new branches is the Union, which opened, in the three provinces named, no less than eight branches during February. The new branches are as follows:

Alberta—At Erskine, the Traders' Bank; Granum, Northern Crown and Bank of Hamilton; New Norway, Merchants Bank; Brooks, Union Bank; Carlstadt, Union Bank; Irma, Union Bank.

Saskatchewan—At Forward, Bank of British North America; Kindersley, Canadian Bank of Commerce; Kinley, Northern Crown; Kinistino, Bank of Ottawa, Northern Crown; Midale, Standard Bank; Quill Lake, Northern Crown; Saltcoats, Bank of British North America; Kipling, Union Bank; Southey, Union Bank; Togo, Union Bank.

Manitoba—At Grandview, Home Bank; Newdale, Union Bank; Shellmouth, Union.

—William Turner, who for ten years has been the assistant manager at the main branch office of the Bank of Montreal at Toronto, has gone to Mexico City, where he will be associated with P. S. C. Saunders in the management of the branch bank in that city. Greame G. Adam, who has been manager of the Yonge and Queen streets branch, succeeds Mr. Turner as assistant manager of the Toronto main branch.

—H. N. Galer, who has been vice-president of the International Coal & Coke Company, with headquarters in Spokane, Washington, has gone to Vancouver, B. C., to take the presidency and management of the British-American Trust Company, of which he has been vice-president for a number of years. He will succeed A. C. Flummerfelt, who retires to look after his private business affairs.

—Net profits of the Bank of Toronto, for the year ending Nov. 30, 1909, were $579,471. This is quite a creditable showing. The bank had also on that date, deposits of $34,573,897 and a reserve of $4,750,000.

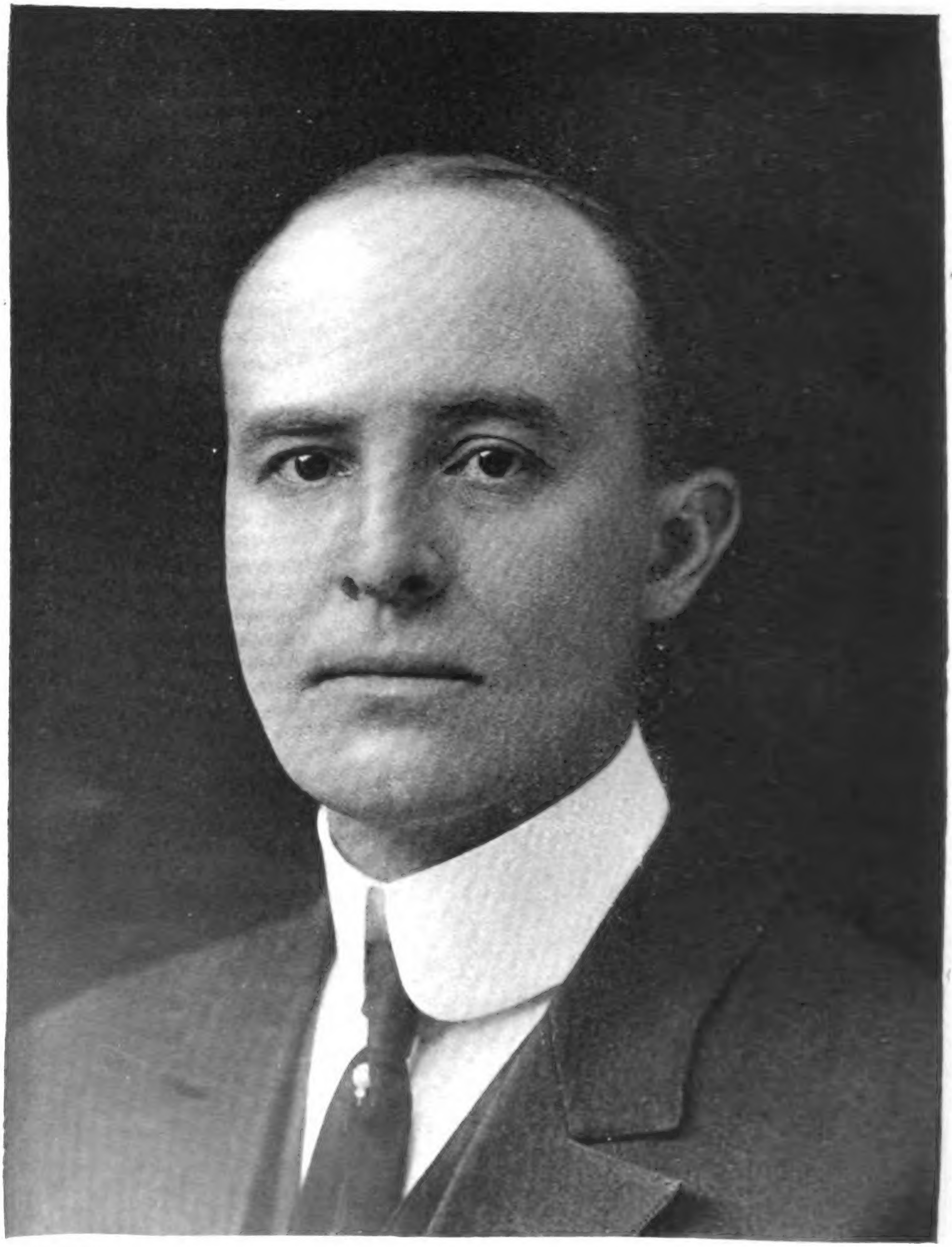


PHOTO BY CHICKERING

DANIEL G. WING
President First National Bank, Boston.

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THE

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IMPROVING THE BANKING AND CURRENCY SYSTEM.

I.—MR. FOWLER'S NEW BILL.

RECENTLY Hon. CHARLES N. FOWLER, former Chairman of the Banking and Currency Committee of the House, introduced a comprehensive currency and banking bill in the House of Representatives. This bill and the speech accompanying it may be had by writing to Mr. FOWLER, at Washington. We have space for the barest outline of the measure.

It proposes to divide the country into twenty-eight bank-note redemption zones, and these zones are to be subdivided into seven districts.

The bankers of each district are to elect one banker and one business man to a bankers' council, and are also to elect a board of control, the bankers' council merely being advisory to the board of control. The latter is to have supervision of all national banks located in the zone. The president of the bankers' council shall be chairman of the board of control, and shall be a Deputy Comptroller of the Currency.

The board of control is to have power to rediscount commercial paper or bills of exchange for the banks in its zone whenever they desire to build up their reserve by obtaining additional gold.

A Federal Reserve Bank is provided for, to be formed by the election of members of the bankers' council to the board of the Reserve Bank.

The board of the Federal Reserve Bank is given power to fix the rate of discount for all the boards of control.

National banks are authorized to retire their bond-secured circulation and to issue an amount of credit notes not to exceed their capital. They may issue additional amounts, under certain restrictions, with the approval of their boards of control.

Every national bank is required to have on deposit with the Federal Reserve Bank on the 10th days of January and July of each year an amount of gold coin or other lawful money equal to seven per cent. of its average deposits during the preceding six months and seven per cent. of its national bank notes taken out for issue and circulation.

Provision is made for refunding the outstanding two per cent. bonds into three per cents. Every national bank is required to carry a cash reserve of six per cent. of its individual deposits subject to check, up to $6,000,000, and one-half of one per cent. additional for each $500,000 up to $10,000,000, and on this amount and on all individual deposits a reserve of ten per cent. in cash. A reserve of twenty per cent. is required against bank deposits or bank balances. Provision is made for permitting the banks, under penalty, to encroach upon their reserves. National banks are authorized to perform trust functions, and to do a savings bank business under careful regulations. The Federal Reserve Bank is to be the Government's fiscal agent, and when certain conditions are

complied with, all obligations due the Government may be payable by checks or drafts given or accepted by any solvent national bank.

Any national bank desiring to build up its reserves may rediscount any of its commercial paper or bills of exchange by applying to the board of control of the bank-note redemption zone in which the bank is located.

No commercial paper or bill of exchange shall be purchased by a board of control nor by the Federal Reserve Bank which has more than ninety days to run, and which does not bear the unqualified indorsement and guaranty of some national bank. But the Federal Reserve Bank may buy bills of exchange in the open market, whenever considered advisable, without such indorsement and guaranty.

Deposit liabilities of the national banks are to be limited to ten times the amount of paid up and unimpaired capital.

Out of the fund received from the tax on national bank notes, the United States notes are to be gradually redeemed and cancelled.

The profits growing out of the operations of the several bank-note redemption zones and the Federal Reserve Bank may be distributed pro rata among the banks, according to the amount they have had deposited with the Federal Reserve Bank as a part of the Federal Reserve Bank Fund.

After certain reforms are carried out the Federal Reserve Bank is to assume the maintenance of the parity of the silver coin with the gold coin.

This bill establishes a modified form of central bank, without capital stock, and organized and controlled in accord with the traditions of our Government. It fairly divides the power of control among the national banks of the country. The members of the board of control and of the Federal Reserve Bank would doubtless include the best business and banking talent of the country, insuring highly capable management.

By prohibiting the use of national bank notes as reserves, and by getting rid of the greenbacks, steps are taken toward placing the bank credits upon a gold foundation. Inflation is checked by a carefully-worked-out system of note redemption, by limiting the deposit liabilities in proportion to capital, and by other precautions. The Federal Reserve Bank, with authority to fix the rate of discount for all the boards of control, would no doubt exercise a restraining influence.

National banks are to be permitted to do a trust company and savings bank business, savings funds to be segregated from the other deposits and invested in high-class securities.

The bill is comprehensive in character and sound in principle. We can not discuss its details further at this time. Those interested in the measure are requested to write to Hon. CHARLES N. FOWLER, House of Representatives, Washington, D. C.

II.—MR. WARBURG'S PLAN.

FEW papers treating of our banking and currency problems have been received with greater interest than the one recently prepared by MR. PAUL WARBURG, entitled "A United Reserve Bank of the United States," published by the Academy of Political Science of New York. Copies of this paper may be had by addressing MR. WARBURG, who is associated with the well-known banking-house of Kuhn, Loeb & Co., New York.

MR. WARBURG proposes a hundred-million-dollar United Reserve Bank of be devoted to raising sheep. He very the United States, to be established at Washington. The country is to be divided into twenty zones, in each of

which a banking association shall be formed. To make the board of directors of the United Reserve Bank representative, it is to be appointed, three-fifths by the banking associations, one-fifth by the stockholders, while the Secretary of the Treasury, Comptroller of the Currency, the Treasurer of the United States, and others nominated by them, are to comprise the remainder.

The United Reserve Bank is to perform these functions: To accept deposits from the Government of the United States, and from members of the banking associations only. (No interest shall be paid on these deposits, but they might be counted as cash by the banks and trust companies making them.)

To buy from member banks commercial paper, under certain stipulations.

To buy bills of foreign countries, to deal in bullion, and to issue circulating notes payable on demand in gold—the notes to be secured by commercial paper and by a gold reserve of not less than 33 1-3 per cent. of the notes issued.

To establish branches, under the control of a local board chosen by the board of managers of the local banking associations.

Mr. WARBURG supports his proposals with great ability. His experience as a banker and his studies eminently fit him to speak with authority of the matters of which he treats. Needless to say, his suggestions are scientific in principle.

We know that our readers will derive profit from reading Mr. WARBURG's paper.

III.—PROFESSOR SPRAGUE'S SUGGESTIONS.

AN excellent study of the defects in the country's banking system is afforded in a paper entitled "Proposals for Strengthening the National Banking System," by Professor O. M. W. SPRAGUE, of Harvard University, Cambridge, Mass. This paper appeared originally in the "Quarterly Journal of Economics," and has been reprinted in pamphlet form.

Professor SPRAGUE states that "Banking under State laws is certainly more profitable and is also apparently rendering a more complete and efficient service to the community than is possible under the national law." He points out what are the restrictions which have prevented the national banks from adapting themselves more completely to the enlarged business demands and the changing conditions under which they must operate. One of the principal restrictions, in his opinion, that have hindered the growth of the national banks, and worked harm in other ways, is the provision of the National Banking Act which prohibits a national bank from lending on real estate. He suggests that this difficulty may be removed by establishing true savings departments in the national banks, segregating the deposits, with power to invest them in mortgage loans.

This would not only promote local prosperity by keeping funds at home, but would tend to deprive the money centres of a large amount of funds now flowing to them to be used in stock speculation.

Professor SPRAGUE also favors a revision of the bank-reserve law, and the adoption of a plan for equalizing reserves, such as was employed at New York in 1873.

The speech of Mr. FOWLER and the papers by Mr. WARBURG and Professor SPRAGUE constitute a fund of exceedingly valuable information on banking and currency topics. We hope that this necessarily imperfect summary of the views of these gentlemen may cause our readers to send for copies of each of these productions.

CAUSE OF DISSENSION IN REPUBLICAN RANKS.

PARTY harmony was urged by the President lately in a public address. The dissatisfaction with certain elements in the Republican party, which has been growing for several years, has undoubtedly reached proportions that threaten the continuance of the party's supremacy.

But to attribute this dissatisfaction to the rules under which business is conducted by the majority in the House, does not reach the root of the matter. That may, indeed, be a symptom of the tyranny of the majority, but the disease itself lies deeper.

The real cause of dissension in the Republican ranks consists in the growing belief that the dominant element in that party has of late shown a disposition to sacrifice principle to political expediency, and even to shape legislation to subserve private interests.

Both Mr. ROOSEVELT and Mr. TAFT have had, and still have, the public confidence in a far greater degree than either Mr. ALDRICH or Mr. CANNON. But the President shows a tender regard for the two gentlemen last named. Since they represent the majority, he could hardly ignore or antagonize them.

But in the end, if the Republican party is to maintain itself in power, it will have to break from the elements that now dominate it in Congress. It is useless for the President to deplore existing dissensions. They will not disappear while the cause for them remains. And the people are getting a pretty clear idea of the steps essential to bring this truth home to those most vitally concerned.

PRESIDENT TAFT IMPATIENT TO PASS LEGISLATION.

EVIDENTLY political considerations will impel the party leaders to pass the postal savings bank bill. Mr. TAFT seems to be very much in earnest about it, although many others of equal authority in economic matters oppose the measure. In fact, it does not seem to be denied that the scheme is unsound from an economic standpoint, but it is defended on the ground that the West and South demand it.

Probably, if Mr. TAFT were not so impatient to get his legislative programme through, it might be wise to wait awhile and have this matter discussed before the public. Surely, the friends of a postal savings bank are not afraid to go before the people on this issue. And it can hardly be said that the proposed enactment of a postal savings bank law was an issue in the last national campaign.

The people should be allowed a deliberate voice in such an important change of government policy, and opportunity should be given for full and free discussion before the law is passed.

This country has already suffered enough from legislation not economically sound and from laws hastily passed.

The inefficiency of the postal savings bank was strikingly shown in an address made last summer before the Minnesota Bankers' Association by Hon. GEORGE E. ROBERTS, former Director of the Mint, and now president of the Commercial National Bank of Chicago. Mr. ROBERTS said:

"These banks [the mutual savings banks of New York and New England] are now paying three and one-half and four per cent. The postal savings bank is to pay two per cent.; so that to whatever extent the postal bank attracts deposits from other banks, its patrons will suffer a loss of one and one-half to two per cent. annually. This is a definite and in the aggregate very serious loss which the postal savings bank would impose upon the very class of people whom it is desired to protect and benefit.

"The savings banks of New York hold nearly a billion and a half dollars

of deposits—or more than the savings banks of any foreign country excepting Germany. If the savings banks of New York State were all to go out of business and turn their deposits over to the proposed postal savings bank, the depositors would lose over $25,000,000 a year by the shrinkage in the earnings of their deposits. And that is more than twenty-five times as much as the total of all the losses to savings depositors in New York State in the last thirty years."

We think this is strong testimony in behalf of the position taken by this MAGAZINE, namely, that the people themselves, through their State legislatures, can provide the most efficient means of caring for savings deposits.

The address of Mr. ROBERTS, from which we have quoted, has been republished, and should be read by every voter. It is not merely a convincing argument against postal savings banks, but is one of the soundest and ablest discussions of a public question that we have ever seen.

POPULARITY OF THE POSTAL SAVINGS BANKS.

THE popularity of the postal savings bank idea doubtless arose from the neglect of some of the States to provide adequate facilities for safely caring for the people's savings. Such provision has been made in New York and New England through a system of mutual savings banks, where all the profits go to the depositors. In other words, these banks have no stockholders among whom the profits are to be divided, but all the earnings, after paying expenses, go to the depositors, except the amount necessary to be set aside as a surplus fund to protect the banks against possible depreciation of assets. These mutual savings banks have piled up large deposit totals, have paid usually from three and one-half to four per cent. in dividends to their depositors, and have established a record for safety unsurpassed, perhaps, by banking institutions anywhere.

But for some reason—probably for several reasons—the mutual savings bank system has not thrived west of the Alleghenies. This has not been entirely attributable to a lack of legal enactments providing for their introduction. Wisconsin has an excellent mutual savings bank law, but only one or two of such banks in operation. The explanation of this fact must be that some other class of institutions meets the needs of those who have money to deposit. In Michigan, a mixed system of savings and commercial banks has worked very successfully. The savings deposits are kept separate and invested in high-grade securities. Had all the States, not having mutual savings banks, provided for similar institutions, the demand for postal savings banks would probably have never reached its present proportions. Nor has the National Banking Act made any provision for the handling of savings deposits. In fact, the "savings departments" which in recent years have become prominent features of many of the national banks are not recognized in the National Banking Act at all. The Comptroller of the Currency has ruled that while there is nothing in the Act permitting them, there is, on the other hand, nothing prohibiting them. The savings deposits in national banks have no special safeguards thrown around them under the law—they are on the same footing as the other deposits.

In a recent article by Professor SPRAGUE, of Harvard University, a strong plea is made for a legal recognition and regulation of the savings departments of national banks. He points out that while the prohibition of loans on real estate, made in the National Bank Act, is quite proper as applied to

commercial banks, no good reason exists for making this restriction applicable to the investment of savings deposits. And, he holds, that if the national banks were allowed to invest their savings deposits in mortgages on local real estate it would not only form a safe means of investment, but would keep the money at home and would relieve the banks of the necessity they are now under of periodically sending their idle funds to New York where they become available for Stock Exchange operations. This sending of out-of-town balances to New York in such large amounts tends to depress interest rates, thus inviting speculation, and also makes the exportation of gold easier. On the other hand, when these out-of-town bank funds are needed at home, their return not infrequently causes the New York banks great inconvenience, and in a time of panic greatly aggravates the existing distress.

Although the population, commerce and wealth of the country have enormously increased since the enactment of the National Banking Law, Congress has been slow to make any alterations in the law such as would have made it better adapted to changed conditions and that might have prevented, to a considerable extent, the encroachment of the State banks and trust companies on the business of the national banks. Except the note-issuing functions, holding of Government deposits and the power of carrying reserves (in reserve cities) for other national banks, these institutions have no advantage over the State banks or trust companies. The State banks may lend on real estate, in most cases, and have other privileges denied to the national banks, while the trust companies have a remarkable latitude in their operations, a fact which has gained for them the title of the "department stores" of banking. To lessen the competition of the State banks and trust companies, the national banks may be expected before long to seek an extension of their privileges. Theoretically, there are some sound reasons for separating savings and commercial banks, and in favor of confining trust companies to fiduciary operations purely. In practice, however, the tendency seems to be in the other direction—to unite commercial, savings and trust company functions in a single institution. An example of this is seen in London, where several of the great joint-stock banks announce their readiness to execute trusts, and in Canada, where the chartered banks receive savings deposits, and a still more striking illustration of the tendency is afforded by the remarkable growth of trust companies in the United States.

INCREASED INTEREST IN CURRENCY AND BANKING TOPICS.

As the time approaches for the National Monetary Commission to make its report, interest in the future course of banking and financial legislation becomes greater. The recent history of such legislation in the United States reveals some marked peculiarities. Since the time of ALEXANDER HAMILTON and ALBERT GALLATIN most of the banking and currency laws have either reflected popular prejudices or they have been devised under the pressure of necessity. Nothing like a scientific revision of these laws has been made or hardly attempted for over a generation, at least. Japan, Canada, Mexico and the European nations have discarded ideas to which we still cling with something of superstitious veneration, although in nearly every other respect we are abreast of the world's progress or ahead of it. The difficulty of securing sound legislation on these important subjects is greater in the United States than in any of the countries named, for several reasons. In the first place, these countries, with a

few exceptions, are much smaller, and public opinion can be more readily concentrated than is possible in the United States. And, in the second place, some of these countries have a semi-autocratic form of government where new laws may be passed largely upon the initiative of the executive, as witness the ease with which monetary reforms were carried out in Russia by WITTE and in Mexico by LIMANTOUR. But in a country ruled by public opinion, education must precede right legislative action upon these matters. There will not be really sound and scientific banking and currency legislation until business men and the people generally come to understand the principles involved and demand their adoption. Bankers in their State and national associations have been debating these topics for the last fifteen years, and a considerable change in their views has resulted, particularly with regard to the method of securing bank notes. But the bankers do not, by any means, constitute a majority of the voters, and no substantial advance can be made toward securing a betterment of the banking and currency systems until this debate shall have become general. This may be expected as an outcome of the work now being done by the Monetary Commission.

A SOUND CURRENCY AND BANKING SYSTEM AS A POLITICAL ASSET.

PARTY leaders seem slow in realizing the value of a sound banking and currency system as a political asset. They appear fearful that any new banking laws may be attacked as favoring the banks, but are not so quick to realize that if the banking and currency laws were the best that experts could devise, the business of the country would be carried on with greater security, the prosperity of the people enhanced, and the disasters of panics greatly mitigated. A panic, of course, may be due to a number of things—to war or rumors of war, to crop failures, catastrophes, etc.; but whatever the cause, the party in power at the time will be held responsible for it to some extent in the minds of the voters. Our financial panics are greatly aggravated, if not directly engendered, by causes well known and easily removable. When the political leaders come to understand this, and to apply the proper remedy courageously, they will not only confer a benefit upon all business interests, but they will have acquired one of the most valuable political assets that a political party can possibly have, namely, the enactment of legislation based upon study and experience, with the consequent prosperity of all classes, so far as that prosperity can be in any way affected by acts of Congress.

THE ROOT OF THE CURRENCY AND BANKING PROBLEM.

THE trouble with most of the suggestions for banking and currency reform, and with most of the legislation, is that symptoms only are treated while the root of the disease remains untouched. Secretary MACVEAGH realized this when he said in his last Annual Report, "At present we have neither an adjustable currency nor trustworthy surplus reserves, two absolutely essential features of any banking system upon which the finances and the commerce of this great nation can securely rest. To secure these essentials —to speak of no others—the looked-for reform must deal with fundamentals."

The "reserve" of a bank includes not merely the money it keeps to meet day-to-day requirements, nor even to supply exceptional demands, but the term is used to define the money held as a

basis for the credits which a bank grants. For cashing the checks drawn upon it, a bank may as well pay out one kind of currency as another—gold, silver, greenbacks, or bank notes. Consequently, the bank need feel no concern as to what kind of cash it keeps on hand for this purpose, so long as it is acceptable to its depositors.

But the reserve held against its extended credits is a very different matter.

Bankers, of course, understand that the term "deposits" is a very elastic one. It does not represent alone the money which a depositor places in his bank, but embraces checks and other titles to money, and in large part represents credits obtained by borrowing. A farmer or merchant discounts his note at a bank and has the proceeds placed to his credit, and this credit becomes a "deposit." Not only must the bank set aside a "reserve" of cash to meet the checks drawn against these credits, but in order that the credits may not become unduly expanded there must be some restraint upon them. This restraint, so far as the bank is concerned, consists in its reserve, and so far as the borrower is concerned, will be governed, at least in part, by the rate of discount charged by the bank. The ability of the banks to furnish adequate loaning facilities will depend upon the state of their reserves; their ability to check inflation or over-expansion of credit depends upon the same factor. An importation of gold, or an increase in production, tends to increase the reserve money in the banks and to add to their ability to make loans, and the exportation of gold should have the contrary effect. That it does not do so, under present conditions, constitutes one of the fundamental defects of the American currency and banking system. If our bank notes and our bank credits called "deposits" were based upon gold alone, the exportation of gold would reduce the basis of such credits and tend to check expansion. The banks would be compelled to reduce their credits, and discount rates would rise.

In addition to the gold available for use as bank reserves, we have in the United States over $500,000,000 of silver and $346,000,000 of greenbacks, or more than $846,000,000 in all of money other than gold, which under the law may be used as bank reserves. And in addition there is nearly $700,000,000 of national bank notes which may be used, and is used, to a considerable extent, as reserve by State banks and trust companies. And this total of $1,546,000,000 of available reserve money other than gold never grows less. It remains practically stationary in good times and bad times. Whether the demands for currency and credits be great or small, this element of our currency remains practically fixed. The national bank notes do, indeed, increase, but they do not decrease as they should with a lessened need for them, while the legal-tender notes and the silver dollars remain invariable in amount.

The fundamental problem of banking and currency reform in this country consists in tying our bank credits to the world's exchanges; in other words, these credits must be based upon gold.

As has been shown, the money basis for these credits at present is gold, silver, legal-tender notes, and even bank notes. The $667,000,000 of national bank notes outstanding (and some $500,000,000 additional that may be issued in emergencies), are issued without any legal requirement as to a reserve of any kind (except a five per cent. redemption fund). They are based upon United States bonds (the emergency currency may be based upon other bonds and on commercial paper). The banks, therefore, may increase their note issues without adding to their reserves, and as our recent financial history has shown, they may add largely to

the volume of their circulating notes in the face of a large net loss of gold by export.

IMPROVEMENT OF THE RESERVE BANKS.

WHILE the causes of panics in the United States may be numerous and remote, the feature of them with which we are all familiar is the inconvenience experienced by the reserve banks in meeting the demands made upon them. Their attempts to supply the abnormal demands for cash results in a sacrifice of securities, the calling of loans to merchants, manufacturers and others, greatly intensifying the distress. If these demands could be diminished, or the means of meeting them increased, the severity of panics could be much lessened. Were the banks of all the reserve cities united in some form of organization—through their clearing houses or otherwise—they might come gradually to coöperate rather than to pull in opposite directions, as they do now. A better understanding all around would tend to remove distrust and afford a basis for mutual confidence and assistance. A lessening of the demand for currency in time of panic on the part of the banks would be the result of an organization of this kind if formed on practicable lines.

The present means of meeting exceptional demands for currency might be improved by permitting the reserve city banks to issue notes based upon their general credit, and a coin reserve; that is, secured as deposits are now, with the addition of a safety fund for redeeming the notes in case of deficiency of assets of a failed bank. Notes have been so issued by the banks of Canada for many years, these notes being a preferred lien on the bank's assets. The safety fund has remained intact. If the reserve banks could issue their credit notes to meet these abnormal demands for cash, they could do so, perhaps, without enlarging their cash reserves. Since they hold a reserve against the deposits of out-of-town banks, these same reserves would protect the notes issued. In other words, the deposits of out-of-town banks would be changed, temporarily, into bank notes, and when the exceptional demand for currency was over, the notes would be returned to the reserve city banks and again become a deposit. Such a use of credit bank notes would be serviceable in meeting the seasonal demands for an increased amount of currency, as the experience of Canada has well illustrated. But these notes would not serve where the out-of-town banks wished to procure a form of money that would add to their own reserves, nor could they be used to prop the fortunes of a failing bank. The issue of notes of this character presupposes the existence of some adequate machinery for their daily redemption in gold through the clearings.

Experience would seem to indicate that the reserve city banks, taken as a whole, are imperfectly equipped for performing the duties they have assumed. They have, perhaps, given more attention to building up large deposit totals than they have to the strengthening of their reserves and the increase of their capital. The obvious lesson of our recent financial panics has been the necessity of enlarging the capital and reserves of the reserve city banks—the banks of the central reserve cities especially. Fewer, stronger banks in these cities might mean diminished profits to the banks, but would certainly mean, also, greater stability in banking conditions. If the reserve banks do not realize that they have a semi-public duty to perform, they may expect to see the sentiment grow in favor of a central institution of some kind.

BANK GUARANTY IN OKLAHOMA TENDS TO INCREASE DEPOSITS.

FROM the following figures furnished by State Bank Commissioner A. M. YOUNG, it will be seen that the guaranty of deposits in State banks in Oklahoma has had the effect of largely increasing the deposits in the State institutions, and that the national banks are not holding their own:

The Oklahoma Guaranty Law went into effect February 14, 1908, since which time 205 State Banks have been chartered. National banks converting had deposits approximating $8,000,000.00.

Individual deposits in State banks, February 29, 1908	$18,032,284.91
Individual deposits in national banks, February 14, 1908	38,298,247.07
Individual deposits in State banks, January 31, 1910	49,928,744.04
Individual deposits in national banks, January 31, 1910	43,112,042.91
Gain in State bank deposits since the Guaranty law went into effect	31,896,459.13
Gain in national bank deposits for the same length of time	4,813,795.84
Capital stock of State banks, February 29, 1908	5,833,216.65
Capital stock of national banks, February 14, 1908	12,215,350.00
Capital stock of State banks, January 31, 1910	10,679,800.00
Capital stock of national banks, January 31, 1910	9,927,500.00
Number of State banks, February 29, 1908	470
Number of national banks, February 14, 1908	312
Number of State banks, January 31, 1910	668
Number of national banks, January 31, 1910	219
Average reserve held by State banks, January 31, 1910	40.2%

There have been three national and three State bank failures since the law went into effect. The doors of the State banks were never closed. Ninety-three national banks have converted and liquidated since the guaranty law went into effect. Four State banks have converted to national banks since the guaranty law went into effect.

The guaranty law seems to be a good deposit-getter, whatever may be its other defects.

A CENTRAL BANK.

A CENTRAL bank has much to recommend it. Nearly every great nation of Europe has such an institution in successful operation. So has Japan, and in Mexico and Canada there are a few large banks with branches. The strongest argument in favor of a central bank is that the experience of other nations seems to have demonstrated the fact that such an institution performs an excellent service in issuing the currency and in imposing wholesome regulations upon banking and commerce. The strongest argument against it is that it has been twice tried in the United States and twice discarded.

Were any financial expert beginning as ALEXANDER HAMILTON did to devise a new banking system for the United States, he would probably recommend a central bank; but we now have experience that HAMILTON lacked. We have seen that either in our institutions or in the temper of the people there is something inconsistent with the harmonious working of a central bank. If this be prejudice or ignorance, time and education may work a cure. But a central bank, if organized now, would have to reckon with this spirit of antagonism that would not be long in developing.

The experience of other nations does not, in this respect, form a wholly reliable guide. Differences in size, population, and in banking and other conditions may make a central bank better suited to their needs than it would be to ours. However, could a central bank be properly organized and managed, and could it escape political hostility, it might become as beneficent an institution as the Bank of France.

The alternative to a central bank will probably be found in the direction pointed out above—the improvement in the organization of the reserve city banks.

THE UNITED STATES TREASURY—V.

By William Henry Smith.

THE bureau of the Comptroller of the Currency is more intimately connected with the banking interests of the country than any of the other bureaus of the Treasury Department. It was not created when the Department was established in 1789, but was born of the occasion; it grew out of circumstances and the necessities of the government and of the people. When a great war was precipitated on the country in 1861 it found the federal administration with an empty treasury and a depreciated credit; its arsenals were empty and its armories stripped of all they ought to have contained; it had neither an army nor a navy, what few ships it did have were scattered to the farthest seas; it has to improvise an army, seek men to command it; to organize a commissariat and a medical service; it had to purchase or build ships of war; when the army was improvised it had to arm and equip and pay it, and for all these multitudinous calls for the expenditure of huge sums of money, it had neither money nor credit.

To raise money it had to sell its bonds, and to sell bonds it had to offer special inducements. Then, too, the currency of the country was demoralized. We had been passing through an era of "wild-cat" currency. In the States remaining loyal to the Union there were about twelve hundred banks organized under the laws of the various States. With the exception of possibly a dozen of these the bills issued by the banks of one State would not circulate in any other State, and in the case of a majority of the banks their bills would not circulate in the State of issue except at a discount. The necessities of the government, and of trade and commerce and of the people combined in the demand for some more uniform and stable currency, and out of these circumstances, after much wrangling, the national banking system was born.

To find a market for its bonds the government, as has been said, was compelled to offer some inducements, and among those inducements was to make them the basis of a currency issue. This would accomplish two things, sell the bonds and give the country a uniform and stable currency, thus meeting the necessities of the government and of the people at one and the same time. Under the plan the government was to become, in a manner, the guarantor of the notes to be issued by the banks or associations accepting the terms of the proposed banking law. If the government was to become the guarantor of the notes, it must exercise a supervision over the banks, at least to some extent, and out of this circumstance came the office of Comptroller of the Currency.

Office of Comptroller Created.

The first act authorizing the establishment of national banks was rather a crude affair, and was wholly repealed the next year and what is known as the act of 1864 was passed in its place.

The act of 1863 provided for the appointment of a Comptroller, and to some extent defined his duties and powers. At that time Salmon P. Chase was Secretary of the Treasury, and as the Comptroller was to be appointed on his recommendation, he went to the West to find the man. He found him in Hugh McCulloch, at that time president of the Bank of the State of Indiana, one of the few sound financial institutions of the country. When it was first proposed to establish a national banking system, Mr. McCulloch opposed it, believing the banking business should be left to the care and regulation of the various States, but as the war continued and the financial stress became greater, he changed his views, but it is not known whether Secretary Chase was informed of this change of views. He had no personal acquaintance with the Secretary and had never

met him at the time the responsible position was offered him.

Secretary Chase made no mistake when he induced Mr. McCulloch to accept the new and trying position. He was thoroughly versed in banking business, having an experience of more than a quarter of a century, a man of sound financial views and a thorough student of the systems in this and other countries.

To write a history of the bureau of the Comptroller of the Currency is almost to write the history of the origin, growth and development of the national banking system. Of its origin out of the necessities of the Government to find a market for its bonds, and of the necessities of the people in need of a uniform and stable currency with which to transact their business, I have already spoken. Its growth was slow at first, owing to a want of confidence of capitalists and bankers in the permanency of the system, many regarding it as a mere temporary expedient, which would eventually be wrecked on the rock which destroyed the old United States Bank. But after a time it began to grow in favor with the people, as the currency supplied was found to be received everywhere without question, and then banks rapidly multiplied until now their circulation amounts to $666,505,012.

Mr. McCulloch had an onerous task on his hands when he took the office of Comptroller. The whole machinery of the office had to be organized, forms prepared for applications for charters or certificates, designs for the new notes be made, and the whole details of organization of the banks worked out in advance of granting certificates. As to the organization of his official force he made it a condition to his acceptance of the position that he should have full control and be permitted to make his own selection for all subordinate places. On this point in his most interesting volume of "Men and Measures of Half a Century," he says: "In the selection of clerks my habit was to be governed by the appearance and manners of the applicant rather than by the recommendations they presented."

Mistrust of the National Banking System.

Applications for permission to organize under the act and begin business were slow in coming in, and during the year 1863 only one or two were organized in the East, and a few in the West. Comptroller McCulloch, in his book already mentioned, says there were four causes for the unwillingness of the State banks to organize under the new system:

First. The apprehension that the national system might prove to be a repetition of the free bank system of the West, which had been a disreputable failure.

Second. The opinion that in becoming national banks, and issuing notes secured by Government bonds, their interests would be so identified with the interests of the Government, their credit so dependent upon, so interwoven with, the public credit, that they would be ruined if the integrity of the Union should not be preserved.

Third. The danger of hostile legislation by Congress, or the annoyances to which they might be exposed by Congressional interference with their business for partisan purposes.

Fourth. The requirement that in order to become national banks they must relinquish the names to which they had become attached, and be known by numerals.

He says he found little difficulty in overcoming the first three objections, but the fourth was insurmountable, and he at last won Secretary Chase's consent to do away with the numeral feature and permit the banks to retain their old names. When that consent was finally given the new system felt a mighty impetus, and within less than two years the State banks were superseded by the national and the old notes withdrawn from circulation their place being taken by the new ones issued under the auspices of the Government.

Mr. McCulloch was not very friendly to the establishment of new banks, his

object being to induce the capital already invested in banking to enter the national system, and to that end he bent all his influence with established banks. At that time he thought there was enough banking capital already invested to meet the wants of the country, evidently not anticipating the great upward bound of the country which followed immediately on the conclusion of the war. In his report for 1864, he said:

"It is perhaps to be regretted that so many new banks have been organized in States where, before the passage of this Act, there was no deficiency of banking capital." And again: "For the double purpose, therefore, of keeping down the national circulation as far as it has seemed possible to do it, consistently with the establishment of the system throughout the country, and preventing an issue of banking capital that might hereafter be instrumental in keeping up the inflation, and retarding the resumption of specie payments, or prove unprofitable to its owners, I have felt it to be my duty to discourage in many instances the organization of new banks, and in more instances to refuse my sanction to the increase of capital of those already organized."

An Able Comptroller.

It must be remembered that Mr. McCulloch was not in favor of the system when the matter was first broached, and was wedded to the belief that banks should be under State control rather than national, and that he had been trained up in a financial institution that was famed for its conservatism. He had also come from a State that had suffered greatly from inflation of the currency through the medium of the "wild-cat" or free banking system. Then, too, as to the rapid growth of the country he was a sort of pessimist. But just at the time when this report was written, matters did not wear a very roseate hue for the nation. The war was still going on, and apparently the end was not near. Sheridan had, it is true, routed the enemy in the Valley, and Sherman had taken Atlanta, but Lee was a lion at bay in front of Richmond, and until Lee was crushed, the conflict would go on, and he may be pardoned for any gloomy view he might have entertained. Mr. Lincoln seems to have been about the only one who never lost hope during that awful struggle.

In December, 1863, just as the system was getting under way, Mr. McCulloch addressed a letter to the new banks, which is replete with sound banking principles, and it would be well if it were carefully conned by every one who engages in the banking business and the rules he laid down be implicity followed.* Were they made the rule as to the conduct of business, we would never hear of a bank failure. So sound are the maxims he lays down that I feel strongly tempted to incorporate them as a part of the history of the Comptroller's bureau. It is safe to say that nothing sounder or better has ever emanated from any government financial servant. They were sound rules in 1863, and they are sound today, and will be sound as long as banking is conducted. Had they been universally observed the panic of ten years later, and that of 1893 would not have closed the doors of a single national bank in the country.

Mr. McCulloch was of the conviction that it was this letter which a month or two later influenced Mr. Lincoln to invite him into his cabinet as the head of the Treasury Department, where for four years he had the oversight of the bureau he had organized, and which has been so admirably conducted by those who have succeeded him. Whether his conviction be true or not, the whole country long ago agreed that in choosing Mr. McCulloch for the head of his financial department the Great President made no mistake.

Some bankers may have regarded Comptroller McCulloch's letter as an impertinent intermeddling in attempting to tell them how they should conduct their business. But he was within

*See "Modern Banking Methods," by A. R. Barrett, p. 305.

his legitimate rights as Comptroller. First, he was a banker of long experience and had a natural and laudable pride in seeing a business with which he had so long been honorably identified conducted successfully throughout the country; second, he had been among the last to give his adherence to the new system, and was endeavoring to organize it on a successful basis, and if the banks were not successful it would reflect on his ability; third, as Comptroller he had a supervisory care over the banks, and it was his duty to see that they did not impair their capital by making injudicious loans or by extravagance in conducting their business.

New System Not Expected to Survive.

It is probable that Mr. McCulloch, like a great many others, thought the new system would be only temporary, and that a time would come when the country would return to banking under State laws, but while it lasted he was anxious it should be conducted honestly, and thereby aid the Government in its struggle for the maintenance of the Union. Years afterward, in his volume of reminiscences in speaking of the suggestion for a strong central bank, he said: "What the United States needs to-day, and what it will need still more when the national banking system shall cease to exist, is a national bank with capital enough to enable it to act as a regulator of the rates of interest, and consequently to a large extent of business." This shows that more than twenty-five years after the system was organized he expected the day would come when it would cease to exist. In his report in 1863, he said that governments should not be bankers; that none has existed which could be safely trusted with the privilege of permanently issuing its own notes as money; that the judgment of the world was against it as a permanent policy; that it was perilous to official probity and to free elections. He discussed this phase of the subject at some length. Of course, his reference was primarily to the issue of notes, such as the legal tenders, directly by the Government, but he evidently had in mind certain dangers he conceived would be encountered even by Government supervision of the banking business, for he several times, during his administration both as Comptroller and as Secretary, cautioned the country as to the danger of banks becoming a political factor.

At the time he made this report, there were but few national banks in operation, but he felt called upon to say that the currency of the country was already too much expanded, and that it would be a calamity if the national banks should increase that expansion.

A little later his reports show that he had changed his views somewhat, and he says in one of his reports: "It is indispensable for the financial success of the treasury that the currency of the country should be under the control of the Government," and to more completely place it under such control he urged legislation hostile to the continuance of the State banks, and recommended a tax on their circulation. By this time he wanted to force the State banks to come in under the national system. But he was still afraid of political influences and urged on Congress and the Secretary of the Treasury that it would be better to remove the office of the Comptroller to Philadelphia or New York to free it from all danger of political influences. To show how greatly his views had changed a passage from his report in 1866 as Secretary of the Treasury may be quoted at this point. He said: "The establishment of the national banking system is one of the great compensations of the war—one of the great achievements of this remarkable period."

In 1862 he was strongly opposed to such a system, holding it would be subversive of true banking principles. In 1863, he reluctantly gave way to the necessities of the times, and undertook the work of organizing the new system. Before that year was out, he was fearful that the currency would be too greatly expanded, but within a few

months admitted his fears had been groundless, and only a short time afterward characterized the system as one of the great achievements of the age.

Some Clever Thefts.

The services of Mr. McCulloch as Comptroller were during the formative period of the bureau, and of the entire national banking system. It was ascertained during the summer of 1864, while Mr. McCulloch was still Comptroller, that packages of notes intended for banks in one of the Western States were found short one sheet of four notes. It was certain the notes were abstracted by some employe in the office of the Comptroller, and measures were taken to discover the guilty party, but all efforts failed, and the abstractions ceased for nearly a year. In December, 1865, a whole package containing $4500 in $50 and $100 bills of the National City Bank of Lynn, Massachusetts, was taken. These notes had not been signed by the president and cashier of the banks for which they were intended. The thief clumsily signed fictitious names as president and cashier, and the notes were circulated. So cunningly was the work of abstraction performed that all efforts to discover the thief failed, but the stealing again stopped until in May, 1867, when a package containing $50 and $100 notes to the amount of $12,000, intended for the First National Bank of Jersey City was taken. A colored messenger was then arrested, and after long delay placed on trial, the indictment charging him with stealing money, but as the notes were not money until they were properly signed by the officers of the bank, a shrewd lawyer secured his acquittal.

H. R. Hulburd's Administration.

Freeman Clarke succeeded Mr. McCulloch as Comptroller and served for about two years, when in 1867 Mr. H. R. Hulburd took the office, with John Jay Knox as Deputy Comptroller. By this time great trouble had been experienced in the matter of redeeming the notes of national banks that had failed. Mr. Clarke called attention to this matter and urged the establishment of a central redemption agency in New York. The matter was discussed at various times. Mr. Hulburd was particularly urgent on this point. He pointed out that banks in New York and other financial centers were offering interest to country banks on deposits made with them, thus creating a dangerous accumulation of currency in New York. Under the law as it existed then a national bank, by a vote of its stockholders, could go out of business without making any effort to retire its circulation. It would leave its deposit of bonds with the Treasurer, draw interest on them and let the notes circulate without being under control of the Government. He suggested the establishment of a bank in New York city with a capital of from ten to fifteen millions, which should redeem the notes of all national banks. Finally, a redemption agency was established in Washington under the Comptroller of the Currency.

Under the administration of Mr. Clarke, there was, for a period a contraction, owing to his refusal to grant circulation to converted State banks until their old currency was called in, but the contraction was only temporary.

National Bank Currency Championed by New Comptroller.

While Mr. Hulburd was Comptroller a contention sprung up among the people in favor of doing away with the national bank currency and substituting legal tenders. This contention Mr. Hulburd ably combated, showing that the argument of economy advanced by the advocates of the new idea was not tenable. The advocates for the legal tender substitution argued that with the new legal tenders the Government could redeem a large part of its interest-bearing debt and thus effect a saving. Mr. Hulburd showed that the tax paid by the banks to the Government very nearly equalled the amount the government paid in the way of interest to the banks on the bonds deposited by them

to secure circulation. He also showed that the small difference between the amount paid as interest and the amount recouped by taxation was more than made up by the many millions of legal tenders held by the banks, the same as a loan to the Government of that amount without interest.

Comptroller Hulburd made another suggestion that was to relieve the banks in case of a money stringency, and that was to keep in the Treasury a certain portion of the legal-tender notes and in times of stringency issue them to banks on a deposit of Government bonds. He favored a withdrawal of the legal tenders, and a repeal of the limit on national bank circulation.

There was some friction between Congress and the Comptroller. It was developed that there was inequality in the distribution of circulation, and that in centers where notes were needed, there were not enough to supply the demand, while in other sections there was a surplus. It was claimed by some Congressmen that the Comptroller had given a wrong construction to the provisions of the law, while that officer contended he had followed the law to the letter, and had previously called attention to the necessity of a change so as to permit a better and more equal distribution. At last, in 1870, an increase of circulation was allowed.

Altogether, Mr. Hulburd administered his office with ability, and gave general satisfaction. In 1872, when he relinquished his office, the work was taken up by John Jay Knox, who had for some years been Deputy Comptroller.

Mr. Knox was hardly installed in his office when the great panic of 1873 began, a panic that swept the country almost from ocean to ocean, and a number of national banks failed, and more would have failed had it not been for the wise precautions taken by Mr. Knox and his timely interference to correct abuses. Mr. Knox not only thoroughly understood the duties of his high office, but he also understood the financial situation. He understood it better than any other Comptroller with, perhaps, the single exception of Mr. McCulloch. The public records disclose that there has been no officer since the Government was organized that in his reports gave as complete information as did Mr. Knox. During his administration, he annually gave Congress full and accurate information on every phase of the financial situation not in this country alone, but in those of Europe. Thus Congress was always fully advised of the situation at home and abroad.

Paper Money.

Since 1861, when the Government issued its first paper money, there has been a continual juggling with the currency and sometimes the country has been brought almost to the brink of ruin by the inconsiderate action of Congress, and the more inconsiderate clamor of the people. The first issue by the government were the demand notes of 1861. It was freely admitted they were only a bridge to carry the Government over until some better system might be devised. In 1862, two propositions were before Congress—the issue of paper money by the Government direct and issuing it through the medium of banks. The banking suggestion did not commend itself to the Congress or to the people, and as the emergency was great, the legal tenders were put out, it being understood by those who favored the measure, as well as by those who opposed, that they were to be withdrawn at the earliest practicable moment.

The bank suggestion was to provide a currency to take the place of the legal tenders when they were withdrawn. Had that not been the understanding the act creating the banking system could not have received a majority in either House at that time. As it was, it passed only by the earnest personal urging of Secretary Chase, but many of those who voted for it did so in the hope that as soon as the war should be over the whole system would cease to be. It is now nearly fifty years since the system was adopted, and its issue has not yet replaced the legal tenders, for there

are some $30,000,000 more of them outstanding than in 1863.

It was first provided that the legal tenders should be funded by the acceptance of Government bonds, but that act was repealed in 1863, leaving the notes in circulation. In 1865, Congress authorized the Secretary of the Treasury to begin the work of reducing the volume of the legal-tender notes. Within two years he did reduce the amount in circulation to $356,000,000, and then Congress ordered the retirement stopped. In 1874, Congress ordered a new issue and the volume was increased by about $25,000,000. In 1875, the restriction imposed on the national bank circulation of $354,000,000 was removed, but it was also provided that as an increase of bank issue should occur, eighty per cent. of the amount should take the place of legal tenders to be retired. This was for the purpose of reducing the volume of legal tenders to $300,000,000. Only about $10,000,000 of the reduction proposed was accomplished when Congress once more interfered and stopped it.

Before this, however, the limitation on national bank circulation has been raised $54,000,000, and this was only for the purpose of equalizing the circulation among the States. In 1878, it was proposed to make another change, taking away the currency feature of the National Bank Act, and make all notes read as coming from the Government.

So it has gone on, year after year, until the act of 1908, providing for $500,000,000 of "emergency currency."

But it has not been alone with our paper currency that the juggling has been going on, but with our coin. At one time we had two silver dollars in circulation, the standard and the trade; then came the "crime of '73" and the coinage of silver was stopped; then we went into the market, bought bullion and coined $4,000,000 a month; then we bought the bullion and issued certificates; until now, we have legal tenders, national bank notes, Treasury notes, demand notes, compound-interest notes, silver certificates, gold certificates, gold coins, silver dollars, and so on, all supposed to be in circulation.

(To be continued.)

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

RESOURCES AND LIABILITIES:

THE PROBLEM FACING THE SAVINGS BANK TRUSTEE.

By John Harsen Rhoades.

THAT we may better understand the subject, and preliminary to its discussion, it is important to consider the difference in meaning of two terms much used in banking,—"surplus" and "cash reserve." These terms must not be confused, for they are not synonymous.

The Surplus.

A bank's surplus represents the excess at any given moment of assets over liabilities; or that sum of money, or its equivalent in investments employed in various ways, held over and above the amount necessary to pay all depositors in full. The surplus, a guarantee fund set aside to offset losses from possible depreciation in the cost price of investments, or otherwise, is in reality an insurance fund, held to insure the full payment of all sums standing to the credit of depositors.

The Only Right Method of Computing the Surplus.

Since every financial institution keeps the bulk of its funds employed, the method of computing the surplus re-

quires careful consideration .Thoughtful reasoning brings us to the conclusion that, with a going concern, the surplus can only be estimated, and that by ascertaining the current market or liquidating value of assets. Sound banking demands that such estimate be made at least semi-annually, and that prices taken be conservative, and represent the figures at which it is believed the assets of the institution could be *sold*. As distinguished from the cash reserve, it is a potential liquidating resource of vital importance, to be kept intact at all times, save possibly in those of panic, when market values, being unreasonably low, and, as experience has shown, certain to improve, the bank director or superintendent is not called upon to lay undue stress upon an ephemeral deficit.

The Cash Reserve.

The cash reserve is that amount held in cash, *in the vaults of the institution,* to meet any sudden demand from depositors, and does not necessarily denote any excess of assets over liabilities. Conservative banking, however, requires that every financial institution subject to the withdrawal of deposits should carry such a reserve. Obviously, this is a requirement quite apart from the surplus, for, as a matter of fact, a bank might have an ample surplus, and practically no cash reserve whatever, or vice versa. As distinguished from the surplus, it is a ready resource, not of similar importance, yet necessary at all times and essentially so in times of stress.

The "surplus reserve," another term, means the excess of cash held over and above the legal requirement.

Ratio to Deposits the True Indicator.

The ratio of a bank's surplus and its cash reserve to total deposits is an indicator of its strength. It may well be said that the percentage of surplus to deposits indicates its vital, liquidating strength, and the percentage of cash reserve to deposits its immediately available cash strength. Unquestionably every bank, including the savings bank, must aim to keep itself in a position where, if called upon to liquidate, it could do so, and pay its depositors in full, and with the savings bank a cash payment is invariably required.

The Waning Percentage.

Some of our financial institutions have recently experienced a heavy shrinkage in the percentage of surplus, by reason of the general increase in deposits and the depreciation in the market value of their investments, particularly those maturing at a distant date.

This waning percentage is a matter demanding attention. It is especially conspicuous in the case of our New York State savings institutions, for, owing to the restricted range of their bond investments—and it would be unwise to enlarge the scope, and disastrous to hold nothing but mortgages—they have been constrained to purchase many long-term issues, which, in a declining bond market, have suffered disproportionately in comparison with short-term investments; while on the other hand aggregate deposits have increased enormously.

Although the trustee is powerless to prevent a declining bond market, he can appreciably minimize the danger of increasing deposits, for it is interesting to note that this increase has been of greater or lesser, but never negligible, degree—quite irrespective of new deposits from without—through the semiannual credit of interest or dividends, a growth from within. This automatic addition to principal, or deposit liability, will be larger or smaller as dividends are raised or lowered, and is of gradually accelerating momentum, being in fact compounded semi-annually on those accounts left undisturbed. Conceding the probability that many depositors promptly withdraw their semiannual interest, the fact remains that deposits, and thus deposit liabilities, are largely developed from within by the spontaneous action of the trustees and

that the rate of dividend necessarily determines the amount of such increase.

Importance of the Surplus.

It is believed by some trustees that the New York State savings bank—a non-stock corporation—is largely an investment institution, rather than a bank with its well defined deposit liability; hence that current market values are of little importance and the method of computing the surplus immaterial; and because of its high-class investments, which are certain to be paid at maturity, and the large amount invested in the real estate mortgage, a non-fluctuating asset, that only a small percentage even of "market" surplus is necessary.

These views, in the opinion of the writer, are not only unsound but fraught with danger. What protection can we offer the depositor other than the "market" surplus? *There is no stockholders' liability,* and surely we cannot depend upon the pockets of the trustees. And yet, every single dollar of deposits is a *cash liability,* for no one can deny the indisputable truth that the institution, as an institution, barring a reasonable time notice upon withdrawals, is momently liable to its depositors, not for a security payment, but for the full cash payment of all sums standing to their credit.

This liability is ever prominently in the foreground, despite the fact that the institution was founded, not as a mere banking convenience, but to encourage the accumulation of savings.

An instructive paragraph might be written to illustrate the differences in liability obligations; for instance, as compared with those of a life insurance company, the obligations of a savings bank show an interesting distinction, in that the former can determine its debts, by means of its mortality tables, with almost mathematical precision; not only their amount, but their due date, for they are based upon a certainty, death. But the deposit cash liabilities of a savings institution are subservient to the haphazard whim of the living.

Savings Banks Must be Prepared to Pay.

If it be true that the surplus reveals the liquidating strength of a savings bank by indicating at a given moment its excess of assets over liabilities, and, to quote the New York State law, "is held to meet any contingency or loss . . . from the depreciation of securities or otherwise," the persistent practice in this State of calling a fund a surplus, arrived at by appraising assets in any other manner than at their market worth, whether it be income cost, i. e., investment values, or par, is so mendacious and misleading that the sooner it is abandoned the better for all concerned. In seeking the truth, current market values cannot be ignored because they best express the truth. Therefore, in view of the danger of over-estimation and the injustice of excessive under-estimation, neither income cost nor par should be considered for the resultant sum is inconclusive and may not even approximate the excess of assets over liabilities at any particular moment. Yet it is the obligation to stand ready to meet a demand for the cash return of *all* deposits within a reasonable time which the savings bank has deliberately assumed. While the time notice upon withdrawals may delay the intrusion of the depositor, it cannot indefinitely deprive him of his savings, nor can it bar entrance to the State officer, whose duty it would be to take official cognizance should a deficit exist, under normal financial conditions. For, in truth, should a savings depository, after appraising its resources at their current market worth, reveal a deficit, at any other time save under such conditions as prevail in the crisis of a panic, it would mean that the trustees to the best of their knowledge and belief, had not the wherewithal to pay their depositors in full, even if they paid but one a day. To receive or pay out another deposit, with such knowledge, would be a gross injustice to many, and therefore, unless immediate assistance be forthcoming from the pockets of the trustees, the circum-

stances would call for a temporary closing of the institution.

The enforced closing of a savings institution as a result of excessive dividend declarations, with the untold misery that such an act would entail, would not only be a reflection upon the intelligence of the Directorate, but a sorry return for the previous confidence of a trusting public.

Difficulty in Increasing the Percentage of Surplus.

The reduction of interest from four to three and one-half per cent. by a few leading New York State savings institutions in December last, is apt to be misunderstood. It seems paradoxical in these days, when investments can be made upon such attractive income bases, thus yielding enhanced earning power, that any of our savings depositories should feel impelled to reduce their rate of interest upon deposits. But it must be kept in mind that those assets which were purchased upon low income bases (i. e. at high prices), must go through a revision of appraisal to meet the present market of high income bases (low prices), which process will reduce the amount of surplus. As a matter of fact, the reduction in the rate of interest has not been arbitrary, but is dictated by a proper consideration for the waning percentage of surplus, uniformly exhibited by our savings institutions.

To illustrate the difficulty of combating a falling bond market, which we now have with us; the automatic addition to principal, or deposits, or deposit liabilities (as the reader may choose to term it)—often compounded, which we ever have with us; and the usual excess of depositors' deposits over withdrawals;—it is to be observed that, despite the reduction in the dividend to three and one-half per cent., these same institutions show in their January reports a slight shrinkage in the percentage of surplus, leading to the inference that the reduction of one-half of one per cent., so far from serving to build up the percentage, was not even sufficient to keep it intact. From which we may conclude that increasing deposits, however achieved, and falling bond markets, suggest diminished interest rates, and, if either condition be extreme, considerably diminished rates.

Ambiguity of the Law Respecting Dividends.

The wording of the New York State savings bank law governing the declaration of dividends is ambiguous. While it permits the trustee to build up a surplus, it does not compel him to do so. The law provides:

> The trustees of every such corporation shall regulate the rate of interest or dividends not to exceed five per centum per annum upon the deposits therewith, in such manner that depositors shall receive as nearly as may be, all the profits of such corporation, after deducting necessary expenses and providing in a manner approved by the Superintendent of Banks, for the amortization or gradual extinction of premiums or discounts on all securities owned by such corporation so as to bring them to par at maturity, and reserving such amounts as the trustees may deem expedient as a surplus fund for the security of the depositors, which to the amount of fifteen per centum of its deposits, the trustees of any such corporation may gradually accumulate and hold, to meet any contingency or loss in its business from the depreciation of its securities or otherwise. * * * The trustees of any such corporation whose surplus amounts to fifteen per centum of its deposits, at least once in three years, shall divide equitably the accumulation beyond such authorized surplus as an extra dividend to depositors, in excess of the regular dividends authorized.

Many a trustee feels coerced to distribute in semi-annual dividends, practically speaking, all earnings, after expenses and amortization have been provided for. While it may be one's desire and duty to credit as large dividends as possible, since net earnings as nearly as may be should be credited to depositors, yet common sense and prudence admonish us to reserve a proper portion of these earnings—*the amount varying with that of the percentage of surplus*—and place them, in the language of the law, "for the

security of the depositors," to the credit of surplus account.

A Dangerous Practice.

It has long been a custom, at semi-annual periods, with the boards of our savings institutions, in obedience to their interpretation of the law, to base the dividend strictly upon the net earnings of the previous six months, the rate being invariably determined in happy reliance upon previous conditions, and with lamentable negligence in ascertaining what at the moment may be the excess of resources over liabilities, or the financial condition of the institution. It would seem essential that the decision as to the rate of dividend should be held in abeyance, until the trustee has before him a true statement showing the institution's actual financial status. This statement should include the market value of assets on hand as of the time when the dividend is determined. In this manner, it can be learned whether the crediting of a certain dividend which in itself will increase deposit liabilities, will cause a deficit, or unduly weaken the percentage of surplus.

Under our New York State Savings Bank law, a prolonged period of high money rates might constitute a serious menace, as the law not only belittles the importance of surplus, but, barring the computation of the maximum as later explained, absurdly ignores the operation of market values as affecting surplus, and makes no provision, other than a five per cent. limit, which has now become excessive, that dividends shall be restricted to the end that a proper surplus shall be accumulated and maintained. The peril lies in this direction —that the trustee, taking cognizance only of the increased earning power of money, is tempted to credit a generous dividend, forgetting that the same cause—high money rates—which, on the one hand, is operative toward increasing the earning power of his institution, on the other, is even more effective in reducing the surplus by precipitating a sharp decline in the market value of assets, mortgages included. For example, the earnings for a six-months' period, after amortization and expenses have been provided for, might be so great as to allow—under the present law—a dividend of five per cent., and yet the increase in deposits and the shrinkage in the market value of assets during the same period might so diminish the ratio of surplus to deposits as not to warrant, if the safety of each depositor's principal be considered, a dividend of even three and one-half per cent.

Actual Conditions.

The average percentage of surplus to deposits in the State of New York, which stood in 1887 at 17.74 per cent., is to-day a little over seven per cent.; and out of a total of 140 banks, 100 show a percentage below this average. If bonds legal for savings bank investment were to sell on a four and one-half per cent. income basis, as against the four per cent. basis of to-day, it would mean a shrinkage in the market value of a bond of twenty-five years' life of about eight per cent. If our New York State savings institutions were called upon to mark down the market value of their securities—mortgages excepted—another eight per cent., not only in the majority of cases would no vestige of surplus remain, but in many a positive deficit would exist. It may seem far-fetched to insinuate that savings bank bonds will ever sell on a four and one-half per cent. income basis, but there are many economists who believe that, with the continued great output of gold, we will again see a period of high money, and if so, bonds are certain to sell on a much higher income basis. However that may be, it is impressed upon the writer that the average margin of safety is entirely too small, and that, in common parlance, we are sailing too close to the wind. In the matter of dividends, under an erroneous conception of liberality, for which the law is largely responsible, we seem persistently to ignore this salutary fundamental maxim of banking and of business,

namely, the maintenance of a proper excess of resources over liabilities.

PROPER RATIO OF SURPLUS TO DEPOSITS.

There has been considerable discussion as to what ratio of surplus to deposits the savings bank should aim to carry, considering the high character of its investments, the amount invested in mortgages, and the fact that net earnings as nearly as may be should be credited to depositors. The question is open to argument, and yet the moment one decides that a surplus is essential, he has no choice, but to admit that there is no half way about it. If the savings bank is not an investment institution—responsible only with bonds, and not cash, to its depositors—it is imperative that an adequate surplus be maintained, in order to guard against deficiency of assets to meet deposit liability. Fluctuating market values have convinced the conservative directorates of other institutions, where investments are equally gilt-edged, and in many cases less subject to fluctuation, because of shorter maturity, that it is sound banking to maintain a surplus, *exclusive* of the stockholders' liability, equivalent to fifteen or twenty per cent. of deposits. It is to be remembered that while the New York State savings bank law does not permit a surplus to exceed fifteen per cent. of deposits, it distinctly states that this maximum shall be computed by valuing securities selling above par at par, and below par at the market. It is obvious that, under such computation, a savings institution might carry a "market" surplus of twenty per cent. or over, and yet not exceed the lawful maximum.

While arguing in favor of a larger percentage of surplus, there are four things to be remembered:

First, that it is inexpedient for a savings bank to pass dividends, in other words, fail to credit any interest to depositors' accounts, with a view to the improvement of such percentage; this policy would be virtually suicidal; hence the restoration must be slow. Coincidently it is impeded not only by the automatic addition to deposits through dividends credited, from within, but by the acceptance of new deposits, from without, and at times by a falling security market.

Second, that the New York State savings bank is not a money-making concern, and is debarred from building up a surplus through clever speculation, nor can it erect a barrier for the protection of depositors by the creation of additional stockholders' liability, for it is not a stock corporation.

Third, that the law requiring that not more than ten per cent. of deposits shall remain uninvested at any one time hinders the trustee in taking advantage of a low-priced security market, and frequently requires him to make purchases at inopportune times; thus making it all the more important that a sufficiently large surplus be maintained, in order to offset the probable depreciation in the market value of purchases made at high prices.

Fourth, that the wisely circumscribed field of investment impels the savings institution frequently to purchase long-term bonds, which have recently shown themselves not to be invulnerable to impressive market fluctuations. So little invulnerable that New York City 2½s, which at one time sold at a premium, are to-day selling at 78, and yet have many years to run; while New York Central 3½s, which sold as high as 112, are now worth 89, and still have over seventy-five years to run.

Reverting, then, to a previous argument, is it possible that any thoughtful man can maintain the propriety, in determining the surplus of an institution which is liable for a cash return of deposits, of giving no attention to the current market value of assets? Yet, there are men who would appraise these securities at par, and the law itself carelessly permits their appraisal to all intents and purposes at cost, which may be above par. Fortunately our present Superintendent of Banks demands from the trustee a report based upon market values.

When we take the four factors, above mentioned, into due consideration, is it

not logical to conclude that the savings bank should aim to carry approximately as large a percentage of surplus as any other conservatively managed financial institution? Hence, the writer is of the opinion, while a voluntary reduction in dividends to three and one-half per cent. at least, is the first step, that a general amendment of the law would be for the best interests of all concerned, and, in particular, that the provision, enacted many years ago to curb the trend toward excessive dividends, which permits "a rate of interest or dividend not to exceed five per centum per annum," should be modified to read "not to exceed three and one-half per centum per annum." Let us not forget that, when the law was enacted, the earning power of the savings bank was over six per cent., while today it is but slightly over four per cent. Undoubtedly the law should still provide that extra dividends be paid after the maximum surplus has been reached. With this modification it would be exceptional and many years before any New York State savings bank would be driven to declare an extra dividend—the increase in deposits, whether from within or without, and the computation of the maximum surplus as prescribed by law, would prevent such an occurrence.

In fact, the enactment of a law limiting regular dividends to three and one-half per cent. until the maximum surplus has been reached, would cause no permanent loss to the depositor. Net earnings would still belong to him, and such an act would merely signifiy that dividends, consistent so far as earnings alone were concerned, were being retained for the purpose of protecting his principal. Yet it is indisputably far better and fairer to deprive him of a portion of what he may consider his rightful semi-annual dividend than to run the risk of being compelled, at some near or distant date through the temporary closing of the institution, to deprive him, possibly for a year or more, not only of all dividends but of principal as well.

Compulsory Cash Reserves.

The New York State savings bank is not required to carry a cash reserve, as the sixty-day notice is supposed to take its place. Nevertheless, the writer believes, inasmuch as payments are always required in cash, that a small cash reserve, not less than two and one-half per cent. of deposits, should be compulsory. In times of panic our savings banks, especially in the large cities, are too prone to fall back upon the banks and trust companies for uninvested balances, demanding cash, when cash is almost impossible to obtain. While the banks and trust companies are undoubtedly responsible, still at such times our savings institutions should refrain from subjecting them to undue pressure, for in doing so, they are lending themselves to the perpetuation of the prevailing chaotic conditions, whereas, they should be sustained by a comfortable conviction of their own independence, which a small cash reserve, coupled with the sixty-day notice, would give them.

Keeping the Public's Confidence.

To sum up, both surplus and cash reserve are indispensable requirements to sound banking. But we must bear in mind that the greatest resource of all is public confidence, for no financial institution in the land can withstand the sudden assault of a panic-stricken mob. If confidence, which, in the last analysis, is based upon the maintenance of an ample surplus and cash reserve, be destroyed, the liability becomes overwhelming and the institution is face to face with inevitable disaster.

Thus, in banking, which involves the handling of other people's money, we must clearly perceive that public confidence is the rock upon which stands the financial structure. Therefore it is not philanthropy but hard, common sense which prompts the able and far-sighted banker not to restrict his vigilance to his own bank, but to keep a watchful eye upon the weakness of another, ever ready to lend assistance and, despite the financial strength of his

own institution, to further those reforms which best serve the needs of all; and so to-day the experienced savings bank officer who, in the matter of dividends, pleads for conservative banking is not unduly timorous but shrewdly conscious that his institution, however stable, is one of a chain interdependent upon one another, and that no chain is stronger than its weakest link.

SEGREGATION OF SAVINGS DEPOSITS IN NEW YORK.

A BILL has been introduced in the New York Legislature providing for the segregation of the savings deposits in banks of discount and trust companies, operating "savings departments" in the cities of New York, Buffalo, Rochester, Albany, Schenectady, Syracuse, Troy, Utica and Yonkers. The act provides that such institutions receiving deposits which may be drawn only on presentation of a pass-book or other form of receipt which permits successive deposits and withdrawals to be entered thereon, and which may be withdrawn only upon notice, or in any other way which might lead the public to believe that such deposits are received or invested under the same conditions or in the same manner as in savings banks, shall have a "provident department" in which all such deposits shall be placed and business transacted, except deposits exceeding three thousand dollars, which may be, but are not required to be placed in such provident department. The funds so deposited are to be invested in a manner similar to savings bank investments and under the same laws. The loans and investments of such "provident department" are to be held for the sole payment of such deposits and are not liable for any of the other debts of the institution. Such deposits are to be kept separate from the other business. A reserve equal to one-half the amount the bank would be required to carry if the deposits were in the regular manner, is to be maintained. The use of the words "provident" or "provident department" other than in accordance with the above restrictions is forbidden. Present deposits of this character are to be invested in accordance with these provisions to an extent of one-fifth before October 1st, 1911, and one-fifth each year thereafter until the whole is so invested.

A UNIQUE SAVINGS BANK ADVERTISEMENT.

THE advertisement-audit of the Salem Five Cent Savings Bank, of Salem, Mass., under the date of February 1, 1910, which occupies eight full pages of the Salem Evening News of March 28, is a commendable piece of banking publicity. The amount due on each of the 24,751 open accounts is given by number only, so that depositors may verify their own balances. The work required a month to prepare and verify, and was made possible by the use of the adding machine. Special interest attaches to Account No. 1, which was opened in 1855 with a deposit of $25, and since that time has remained undistured, and now shows a balance of $303.28,—a forceful example of compound interest. The first eight accounts of this bank are still open after the lapse of fifty-five years, an unsual occurence. A more comprehensive and satisfactory audit of a savings bank is hard to conceive, and the results will no doubt justify the expense and labor attending so great a task.

THE SAVINGS BANK CENTENNIAL.

THE one hundredth anniversary of the founding of savings banks in Scotland, is to be observed in Edinburgh, during the month of June. A Scottish divine, the Rev. Henry Duncan is credited with having conceived the scheme of savings bank philanthropy and opened the first bank for savings in Ruthwell, Dumfriesshire, in 1910.

An English clergyman by the name of Joseph Smith established a similar institution eleven years before that time

at Wendover, Buckinghamshire. But the strictly philanthropic aspect of these banks did not disappear until 1817, when they were recognized by Parliament as an economic force and duly incorporated. At about this time the movement spread to this country and the first savings bank in New York began to take shape in 1816. But it was not until 1819, that the Bank for Savings was duly chartered, and soon after opened its doors. Massachusetts was the first state to give legislative sanction to savings banks, when, on December 13, 1816, the Provident Institution for Savings in the Town of Boston was chartered. The credit of being the first bank to receive deposits belongs to the Philadelphia Savings Fund Society, which opened its doors on December 2, 1816. New York, therefore, conceived the first savings bank, Philadelphia, opened the first, and Boston was first to grant a charter.

TRUST COMPANIES

Conducted by Clay Herrick

SAVINGS DEPOSITS IN TRUST COMPANIES.

THE special report from the banks of the United States, issued by the Monetary Commission, contains statistics of interest to trust companies, as well as other banks. We are presenting herewith a table prepared from the figures collected by the commission, relating to the matter of savings deposits in trust companies.

The report contains figures from only 862 trust companies, out of a probable total of about 1500. The totals therefore cannot represent the correct totals for all the trust companies in the country, but for purposes of comparison the figures, not doubt, give a fair idea of relative conditions in the different sections of the country, showing something of the varying importance of the trust company in the several states as a custodian of savings deposits. In the deposit figures given, bank deposits are omitted, showing only the deposits from individuals.

Considering first the groups of states, savings deposits are of the smallest relative importance to the trust companies of the eastern and the New England states, being only fourteen per cent. of the total individual deposits of trust companies in the eastern states, and twenty-three per cent. in the New England states. These are the states in which the mutual savings banks have their greatest development. The largest percentage of savings deposits is found in the Middle Western states, where the savings deposits are exactly one-half of the total individual deposits.

The same general result is found in the relative numbers of savings depositors as compared with the total numbers of depositors, the proportion of savings depositors being less in the eastern states and the New England states than elsewhere,—the savings depositors being forty-seven per cent. of all the depositors in the New England states, forty-eight per cent. in the eastern states; while in the middle western states they are eighty-three per cent. of all the depositors.

The highest average deposit,—$472,—is found in the New England states, and the lowest,—$165,—in the southern states.

For the whole United States, the total savings deposits shown are $657,697,417, as against $2,147,717,733 for all other deposits except bank deposits. The number of savings depositors is 1,965,333, as against 1,283,686 other depositors, banks omitted. The savings deposits are twenty-three per cent. of the total individual deposits, and the savings de-

	Number of companies reporting.	Savings deposits.	All other deposits (Bank deposits not included.)	Percentage of savings deposits.	Number of savings depositors.	Number of other depositors (excluding banks.)	Percentage of savings depositors.	Average savings deposit.	Average rate of interest paid on savings deposits.
Maine	35	$15,376,527	$11,693,802	57	51,140	21,507	70	$300	3.80
Vermont	23	18,878,526	2,531,930	88	52,135	7,680	87	362	3.81
Massachusetts	43	7,125,738	213,327,156	3	15,722	124,361	11	453	3.42
Rhode Island	10	43,617,464	52,463,419	45	57,230	34,332	62	762	4.00
Connecticut	19	3,051,661	13,286,530	19	10,349	19,550	33	295	3.83
New England States	130	$88,049,917	$293,302,836	23	186,576	207,430	47	472	3.75
New York	80	$66,964,225	$1,133,768,584	6	72,522	288,666	20	923	3.33
New Jersey	70	72,917,470	77,558,135	48	238,397	93,359	72	306	3.44
Pennsylvania	233	96,132,803	228,261,675	30	358,217	310,951	53	268	3.39
Delaware	10	865,030	6,263,373	12	6,096	17,964	25	142	3.00
Maryland	13	1,206,305	26,525,018	4	3,414	13,865	20	353	3.38
District of Columbia	5	7,275,507	17,438,029	29	32,682	38,383	46	223	2.75
Eastern States	411	$245,361,340	$1,489,814,813	14	711,328	763,188	48	345	3.37
Virginia	5	$1,243,161	$886,523	59	4,992	6,386	44	249	3.40
West Virginia	10	1,196,884	3,567,118	25	8,514	9,557	47	141	3.46
North Carolina	4	1,390,734	2,853,133	33	10,146	4,984	66	137	4.00
Texas	27	2,242,102	8,130,819	22	11,074	19,236	37	202	3.82
Kentucky	25	3,020,176	5,893,797	34	16,823	15,312	52	179	3.04
Tennessee	2	1,107,288	3,754,242	23	10,205	1,339	88	109	3.00
Southern States	73	$10,200,346	$25,085,632	29	61,763	56,814	52	165	3.47
Ohio	12	$72,023,581	$32,291,019	69	157,411	40,662	80	457	3.68
Indiana	83	27,247,314	15,662,810	63	126,272	27,337	82	216	3.26
Illinois	36	162,460,384	172,191,053	48	475,123	57,182	89	342	2.99
Wisconsin	8	2,237,471	3,220,390	41	12,617	2,398	84	177	3.00
Minnesota	2	793,245	1,082,503	42	4,777	2,370	67	166	3.50
Iowa	4	645,365	2,597,473	20	810	1,821	31	797	4.00
Missouri	34	21,305,946	59,472,631	26	131,823	55,176	71	162	3.22
Middle Western States	179	$286,733,296	$286,517,880	50	908,833	186,946	83	315	3.22
North Dakota	2	$533,316	$125,032	81	1,996	35	98	267	4.00
South Dakota	5	858,199	1,463,726	37	3,664	2,841	61	234	3.80
Montana	6	1,228,290	2,830,688	30	6,015	5,464	52	204	4.00
Wyoming	3	12,188	63,755	16	16	310	5	762	6.00
Colorado	11	4,971,694	4,905,307	50	21,187	9,471	69	234	3.75
Oklahoma	1	27,106	107,368	20	80	300	21	339	3.00
Western States	27	$7,630,792	$9,485,875	45	32,958	17,921	65	232	3.88
Washington	14	$4,612,172	$11,864,790	28	24,287	23,442	51	190	3.82
Oregon	6	2,876,565	4,712,004	38	13,365	5,872	68	215	3.50
California	14	12,050,818	26,550,442	32	26,442	19,347	57	474	3.66
Idaho	9	182,181	1,384,464	12	791	2,726	22	230	3.92
Pacific States	42	$19,721,726	$43,510,698	31	63,886	51,387	56	309	3.75
United States	862	$657,697,417	$2,147,717,738	23	1,965,388	1,283,686	60	336	3.48

positors number sixty per cent. of all depositors. The average savings deposit is $335. The average rate of interest paid is 3.43 per cent.

The figures showing the average interest rates paid afford some surprises. The highest average rate is, as might be expected, in the western states, where it is 3.88 per cent. But the second highest average rate, which is only a little less,—3.75 per cent.—is found in the New England states, and in the Pacific states. The lowest average rate, —3.22 per cent.—is found in the middle western states, which have the largest percentage of savings deposits.

Considering the states separately, there are some marked differences between the showings of the groups and of individual states within the groups. The largest proportion of savings deposits is found in Vermont, where the savings deposits are eighty-eight per cent. of the total individual deposits. The second largest proportion is that of North Dakota—eighty-one per cent. The smallest proportions are found in Massachusetts, three per cent., Maryland, four per cent. and New York six per cent. In Massachusetts the greatest effect of the competition of the mutual savings banks is felt, they holding 728 millions of savings deposits, as against seven millions held by the trust companies, and their depositors numbering 2,002,010, as against 15,722 savings depositors in the trust companies.

The mutual savings banks are also very strong in Maryland and in New York, their savings deposits being eighty-three millions and 1,405 millions respectively, as against one million and sixty-seven millions respectively of savings deposits in trust companies.

The highest proportion of savings depositors is found in North Dakota, where they number ninety-eight per cent. of all individual depositors. The percentage is eighty-nine per cent. in Illinois, eighty-eight per cent. in Tennessee and eighty-seven per cent. in Vermont. The lowest percentage is that of Wyoming,—five per cent., Massachusetts being next with eleven per cent.

In average of saving deposits, New York leads with an average deposit of $923. The average is $797 in Iowa, $762 each in Wyoming and Rhode Island. The smallest average deposit is found in Tennessee, $109.

The highest average interest rate paid on savings deposits is six per cent.,—which is the average rate in Wyoming.

The average rate paid in Rhode Island, North Carolina, Iowa, North Dakota and Montana, is 4 per cent. The lowest average rate reported is that of the District of Columbia, 2.75 per cent. The average is reported at 2.99 per cent. for Illinois, three per cent. each for Delaware, Tennessee, Wisconsin and Oklahoma. In Kentucky it is 3.05 per cent.

PUBLIC TRUSTEE IN ENGLAND.

QUITE recently the British Parliament passed an act providing for the creation of a department devoted to the administration of trusts. Commenting on the success of the experiment, the "Accountants' Magazine" of Edinburgh says:

> The Second Annual Report of the Public Trustee confirms the favorable anticipations with regard to the success of this new departure in England, which we made after the issue of the first report. The fees received during the past year amounted to £13,733, and the expenditure to £13,489, so that there is a surplus of £244 on the year. There is, however, still a debt of £4,204 to wipe off, incurred in establishing the department. The staff employed has increased from fifty to 110, and increased office accommodation is urgently required. The capital of the trusts under the care of the trustee amounted at December 31, 1909, to £5,646,300. This amount is invested to the extent of about one-fifth in home railways, and to the extent of about one-third in British funds, corporation stocks of the United Kingdom, Colonial Government and corporation and foreign coporation stocks. Investments made by the trustee in trust securities have returned on an average £3, 10s. 9d. per cent. Investments not so restricted have returned over £4 per cent.
>
> As we formerly indicated, the success of the department is in a great measure due to the fact that Mr. C. J. Stewart is an energetic and capable public trustee, and also because something of the kind seems to have been much required in England.

BANK EXAMINATIONS ANALYZED.

By Charles W. Reihl.

BANKERS have heard so much and read so much about bank examinations that there are some who think they know all that can be said concerning them and everything that can be accomplished through them—and we do not doubt the correctness of their thought. But there are still quite a number who desire to know more about such examinations, and of their value to the banks and to the officers. To grant their desires, we now present the subject in an analyzed form, because in this manner a better understanding of the work and its value can be given.

To get a starting point we will ask these three questions, and in the analysis answer them:

1. Why should banks be examined?
2. Of what use are examinations?
3. What kinds of examinations are made, or, should be made?

Question 1: Why should banks be examined? This question is often asked, when the asker is accustomed to a line of business entirely different than that of banking. Banking institutions are peculiar in that they are made by the public and for the use of the public; they should, therefore, be properly safeguarded to protect the interests of the public in general, and depositors in particular. Not only are the depositors protected by the examinations, but the directors, officers and clerks also share in the benefits.

Comparatively few years ago it was not unusual for the banker to assume the role of dictator for the business community, but that day is past. Competition and common sense has ended it. The banker is a servant of the public, and as such he is accountable to the public for his acts, whether they be good or bad, and the public is interested and should know the true condition of the bank he manages.

It occasionally happens, as it did recently in Southbridge and Cambridge, Mass., that those who are in places of trust are betrayers of their trust, even while they are acting toward the public as worthy of the trust reposed in them. When such things come to light people ask, "Whom can we trust?" "Is every banker dishonest?" Some people go so far as to say that "all bankers are alike—working things for their own benefit—only the others have not been caught."

Such statements we know to be false because the great majority of bank men are honest, and will remain honest, regardless of their temptations. But the public does not know it, consequently they question the honesty of bankers, or, at least, their confidence is shaken. It is true the people must use some bank if they are in business, but unless they have confidence in the bank they use, their balances will likely be small.

Creating Confidence.

It is a recognized fact that the backbone of banking is confidence; it is therefore true that the bank in which the community has the most confidence is the bank that will have the cream of the business. Frequently, this confidence is created by the standing of one man who is connected with the bank—and "that one man" has in more than one instance had to pay dearly for not seeing to it that those under him in the bank were kept in line with his reputation, by having frequent independent examinations made of the bank.

Those who deposit their funds are entitled to have tangible evidence that the banking institutions which hold their funds are safe and sound. The

best way to give them the tangible evidence is to have the bank thoroughly and properly examined by competent accountants, who know the banking business from A to Z, and then publish the certificate given by them.

I hear a banker ask: "Can anyone examine this bank better than I can?" Probably they can. You may be a good banker, but not a good examiner. Even though you could make a better examination of your bank than an expert bank examiner could, your certificate of the bank's condition, as a result of your examination, would not be as good evidence to your depositors as the examiner's would be, because you would be personally interested in making a good showing for the bank, while the special examiner would be personally disinterested—his only interest being in making a truthful report, for on that he builds his reputation.

Question 2: Of what use are examinations? or, put it this way—Of what value are examinations? The usefulness or value of the examinations will depend on two things: first, the thoroughness and carefulness with which the examinations are made, and, second, the use made of the examiner's report.

If you have an examination made by parties not properly trained for the work, it may be of no use or value whatever. It is therefore evident that very much depends on the examiner. All examiners are human and therefore are not infallible. Some bank men get an idea that the examiner possesses a supernatural power of vision or insight, but it is seldom that they are possessed of such powers. They must have a clear mental vision, and that at times will seem to be equal to a powerful X ray. This power of penetrating vision is not acquired by the application of glasses, chemicals or machinery, but by actual experience and the mental ability to quickly grasp the situation and see through it, no matter how intricate it may be.

An examination made by a man of this caliber is certain to be of much value to any banking institution and to all connected with or interested in the bank:

To the officers: It will give them a "clean bill of health" as at the date of the examination, and that will indicate careful previous management; or it will show an unhealthy condition of the bank and the need of proper treatment to restore it to its normal condition. Financial surgical operations may be necessary to save the bank, or it may be necessary to sever the relations of some of the members of the staff. In either case, the benefit will be evident.

To the directors: It will make them better acquainted with the inside workings of the bank, and either confirm or cause them to question their confidence in the officers and clerks. It will relieve them of some of their contingent liability—contingent on the honesty of their officers and clerks.

To the clerks: It shows their work to be right or wrong, to be properly or improperly conducted, and it incidentally shows them how to properly handle the work or to handle it with more economy of time and expense, while at the same time improving the records. It also keeps them keyed up to be exceedingly careful in their work and records.

To the stockholders: It is equivalent to an insurance of their investment. That is worth something when the stockholder is liable to an assessment of 100 per cent. on his holdings.

To the depositor: It is better than the "guarantee law," because it goes deeper than the guarantee law can go. If the result of the examination shows the bank to be perfectly solvent and properly managed, the examiner's certificate to that effect would very materially assist in building up confidence in the minds of the depositors, and even though a panic should come, they would rest easy. This would not only be a benefit to the depositor, but one in which the bank would receive the greater benefit.

Deriving Benefit from the Report.

Now, about the use to be made of the report. Very few bank directors would care to lay the detailed report open to

the eyes of the general public or to the scrutiny of competitors, and to do so would probably be unwise. This could be done: appoint a committee of three or five well known depositors and have them go over the report, then if they are satisfied that the bank is worthy of the confidence of the public, have them sign a certificate to that effect and publish it in connection with the examiner's certificate. This will not be hiding the report in the board room or filing it away in the vault to gather dust, but utilizing it to its utmost value.

Question 3: "What kind of examinations are made, or should be made?" Various kinds are made, and some bankers complain that they are examined to death; but the examinations really give them increased life and not death. We must admit that all examinations are more or less troublesome to the banker, but every good thing in life has some unpleasant feature. A good dinner may give unpleasantness for a time, but that "too much" feeling is soon forgotten and a pleasant remembrance of the goodness of the dinner is left.

To get a definite idea of the kind of examination that should be made we must consider the different kinds—let us look at six of them:

First, that by the national and state authorities. These are for the purpose of seeing that the laws are complied with, and they serve their purposes very well; but they cannot serve the higher purposes of the bank and were never intended to do so.

Second, by the court. The court examinations are ordered where trust companies or banking institutions are acting in the capacity of trustees for corporations or estates. They are to satisfy the requirements of the court. They usually accomplish their purpose.

Third, directors' examinations. These are usually made by men who do not understand the details of banking and the examinations, therefore, seldom accomplish much good. The officers and clerks invariably know when the directors are coming to make their examination, and can therefore be prepared for them—if any preparation, by way of covering up defalcations, is required.

Fourth, examinations by the clerks in the bank. These have, in some instances, been found to be satisfactory; but the plan has not been adopted in many places, simply because the bank clerk usually has so much to do in the daily routine that he is therefore not able to take the time to make a proper examination. To make the examination at night, and the routine work during the day, breaks the continuity of the work and its thoroughness.

Fifth, the independent examinations. These examinations are made by accountants at the request of the board of directors, the auditing committee, the president or the cashier, sometimes at the request of the stockholders. These, when properly conducted, are very valuable, as many bankers will testify. If they are made by parties who know enough about the banking business to make a thorough and intelligent examination, they cannot but be of value. If made by others, their value may be questionable.

The *sixth,* and last, in this classification is that of clearing-house examinations. In this division we must not only include the examination of banks connected with the clearing houses in the cities, but those that may be connected by similar associations, combining the smaller place in "groups" or sections. Examinations of this kind are the latest and best development. They were started in Chicago, and have since been taken up by St. Louis, Kansas City, St. Joseph, Minneapolis, Los Angeles, Philadelphia and Milwaukee. and many other places are considering the matter and will probably adopt similar examinations in the near future.

Clearing-House Examinations.

These examinations are for the mutual protection of the members of the clearing-house association, and are, at the same time, the best plan for a practical and efficient guarantee of deposits that has yet been placed in operation. It is not their purpose to guarantee the payment of the credit balances to the depositors; but, by keeping a close

watch on the method of the banks, they prevent acts that, while in themselves may not be fraudulent, would in time lead to tying up the funds of the bank in such a manner that the daily obligations could not be met. Through the examinations it is possible to get a strong leverage that will bring force to bear on the slow loans and compel the responsible parties to put the loans in more liquid form or pay them off entirely. This makes the deposits more secure and gives the bank better standing. Each bank so benefited adds strength and stability to the banking community. This certainly is a great benefit.

All banks are linked together in the minds of the public. If one bank fails, all the other banks in the community suffer for the failure. If the suffering is not by having to pay out some of their surplus funds, by depreciation in quickly realizing on their assets, for the protection of the bank; it will be by the withdrawing of deposits, or by its customers ceasing to make further deposits because of the general lack of confidence created in the minds of the public by the failure.

For the above reasons it is wise for the banks to band together for their mutual and individual protection, and in doing so to arrange for each to be thoroughly examined, so that they may know that each of the banks connected with the association is or is not in a sound condition, and is properly or improperly conducting its business.

As a Preventative.

Examinations will not absolutely prevent failures, but they will prove to be the best preventative to the dishonest and careless practices that so often lead to failures. A preventative of this kind is worth far more than the cures administered by receiverships and compromise settlements.

It sometimes happens in the city associations, and it will happen in the country associations, that a few bankers are unwilling to submit to an examination by the clearing-house examiner. Not because they question the ability of the examiner, but for some other real or imaginary reason. They may not be able or willing to give an intelligent reason.

The natural inference is, usually, that their opposition is because they are not conducting their business along the proper banking lines, or that they have not gotten over their old fogyism of false conservatism in regard to the old time methods of banking. The proper position for the clearing-house association to take in regard to such banks is to take the position taken by the St. Louis Clearing House. It adopted this rule:

"All banks and trust companies belonging to or connected with this association are prohibited from receiving as deposits from city customers, checks on banks or trust companies located in the city of St. Louis, which have not arranged for clearing their checks through the clearing house of this association."

For the bankers connected with the clearing-house association to refuse to have business relations with the banks that will not submit to the rules of the association, is the only course they can take to insure safety to the association and to the banks' depositors.

Clearing-House Functions.

The purposes of a properly organized clearing-house association are these: To facilitate the work of the banks; to strengthen the position and condition of the banks connected with it; to render better service to the banking public, and to protect the interests of the depositors and stockholders.

The banks in any community or district that refuse to unite with the clearing-house association in its efforts to better the banking conditions, by their refusal say that they conduct their business in a manner that suits their convenience—no doubt they do, and the manner and convenience may be good, if it is, it is worthy of publicity. The management of the opposition banks may be just as good as that of those connected with the clearing house, but the fact that they refuse to unite with

the other banks naturally raises a question in the minds of the bankers and the public. It is certainly a great credit to the bankers of the United States that very few of them are unwilling to submit to proper clearing-house examinations. They may object when the subject is first proposed, but they soon see the two-fold advantage—to the banker and the depositor—and they are then not only willing but anxious to conform with the rules, and get the benefits that come from the association and the examinations.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

GROWTH OF CAPITAL IN GERMANY.

AN interesting summary of the growth of capital in Germany, since she entered upon the policy of commercial expansion, is made by an article quoted from the "Frankfurter Zeitung" in a recent monograph of the National Monetary Commission. It is declared that the foreign trade of the principal countries, taking together the import and export of goods (excluding precious metals) shows the following changes since 1889:

[In millions of dollers; $1=4.20 marks.]

Country.	1907.	1889.	Increase of 1907.	Per cent. increase.
Germany	$3,682	$1,703	$1,979	116.2
France	2,235	1,546	688	44.4
England	4,767	2,966	1,800	60.1
United States.	3,346	1,597	1,749	109.6

As will be seen from the above, Germany's trade has increased much more than that of France and England, and even a little more than the trade of the United States. Besides this growth of Germany's foreign trade a heavy increase of the domestic trade must be taken into account, which was bound to create an increased demand for capital, money and credit.

It is declared by German economists that there is no doubt that the wealth of Germany has considerably increased. When, toward the end of 1893, Schmoller made an estimate for the stock-exchange inquiry commission, he thought it likely that the savings of the German nation amounted then to between two and two and one-half billions of marks ($500,000,000 to $625,000,000) annually, of which one billion $(250,000,000) went into investment securities. Since then in Prussia alone, taxable incomes exceeding $750, grew from $726,050,000 in 1892 to $1,371,520,000 in 1907. The deposits in the German savings banks (at the end of 1907, $3,307,000,000) have, during the last decade, increased by a yearly average of about $143,000,000. Therefore, the annual savings of the German nation must today be taken as far exceeding those of 1893 or 1889. Recent estimates put those annual savings between $625,000,000 and $750,000,000, the *Grenzboten* of July 9, 1908, even rating them as high as $1,000,000,000.

On the other hand, capital, too, has been in increasing demand. Schmoller's estimate in 1893 that Germany invests every year about $250,000,000 in securities agrees with the statistics of new issues floated during that period. Yet during the last five years (1903-1907) German securities, not including conversions, totaling about $625,000,000 annually, have been admitted to quotation on the German stock exchanges. This figure is taken from the official statistics which, among other things, include mortgage bonds authorized to be issued by the mortgage banks, and also mining stocks, etc. According to the statistics of the *"Frankfurter Zeitung"* (leaving out mortgage bonds and min-

ing stocks, but including foreign securities) the new issues for the seven years 1901-1907 reached an average of nearly $524,000,000 annually, and for the years 1905-1906 alone nearly $714,000,000. In addition to this brisk demand for capital and money, for investment as well as for circulation, Germany has had to cope with the greater demands of agriculture due to an increase in the price of land and its products, and above all with the greater demands of manufactures due to a rapid enlargement of plants and of output. It is only necessary to point to the following statistics of German consumption:

	Average yearly consumption in kilograms for— 1886-1890.		1907.	
	Amount.	Per capita.	Amount.	Per capita.
Coal	58,735,000	1,225.00	136,934,000	2,210.00
Pig iron	4,278,000	89.20	13,046,000	213.80
Cotton	201,046	4.19	*a* 385,280	*a* 6.28

a For the year 1906.

Naturally the demand for credit money has also increased very considerably. Taking stamp fees as a basis for determining the amount of commercial paper put in circulation (deducting ten per cent. on account of the sliding scale fixed for such fees) we arrive at the grand total of $3,144,300,000 in 1889, which has since steadily increased from year to year until it reached $7,325,000,000 in 1907. This is an increase of $4,180,700,000, or about 133 per cent. of all the bills created in Germany, it is calculated that less than 40 per cent. passed through the Reichsbank and of the average of the outstanding bill circulation the average holdings of the Reichsbank amount to only about one-seventh (in the first decade of its existence only eleven to twelve per cent., reaching in 1889 a maximum of 15.3 per cent. and in 1907 about 13.8 per cent.)

ENGLISH BANK RESERVES.

THE lesson seems to be coming home to English bankers that it may be necessary to enforce by law upon the more venturesome banks the same obligations in regard to reserves which have been assumed voluntarily by sound and conservative institutions. It was announced by Sir Felix Schuster, at the half-yearly meeting of the Union of London & Smiths Bank, in January, that several of the joint-stock banks had been during the past year increasing their reserves. He maintained that a voluntary increase was better than government intervention. The "London Statist," in discussing the matter in its issue of January 29 last, agreed with Sir Felix from an academic point of view, but continued with the following remarks:

"But we submit that it is not sufficent for the public at large that the best-managed banks should do as good management requires. It is necessary that the less well-managed should be made to do their duty if they will not do so voluntarily. For the rest, we are glad to be able to support Sir Felix's further plea that, now that the best of the joint-stock banks are accumulating gold reserves, some kind of agreement ought to be come to between them and the Bank of England for the disposal of those reserves.

"Sir Felix is perfectly right in saying that last November, the joint-stock banks could either have defeated the action of the Bank of England or immensely strengthened its effect if they had pleased to do the one or the other. He is right also in saying that a reserve which is never used is no reserve at all. Therefore it is in the highest degree desirable that an arrangement should be arrived at between the Bank of England and the joint-stock banks regarding the use of their reserves.

"In our opinion, the best plan would be for the Bank of England to hold the reserves of the joint-stock banks as well as its own reserve. But, of course, there are difficulties in the way of

bringing this about, and especially there is this difficulty, that the Bank of England would be exceedingly unwilling to admit the joint-stock banks to any voice in the management of its own affairs; and yet, if representatives of the joint-stock banks have not some voice in the management of the reserve, the banks will continue to fear that their own reserves will be used against themselves."

THE BANK OF RUSSIA IN 1908.

THE definitive figures of the business of the Bank of Russia for 1908, have just been completed, and are summed up in "L'Économiste Européen" of March 4th last. The gold reserve of the bank went on increasing during the year from a total of 948,500,000 roubles ($489,000,000) at the close of 1907, to 1,078,900,000 roubles ($555,000,000) at the close of 1908. This was exclusive of silver and minor coin and of gold deposits abroad, which stood at about 140,000,000 roubles at the close of 1908. The circulation of the bank, on the contrary, decreased during the year from 1,155,000,000 to 1,087,000,000 roubles. The liabilities of the bank included also 151,000,000 roubles in current accounts and deposits, in which there was a total movement during the year of 21,000,000,000 roubles. The transfer facilities of the bank are coming to be widely used.

The clearing service, created only a few years ago, is now in operation in 16 cities, where the amount presented for payment during 1908 reached 8,422,000,000 roubles. The transfer of funds by the bank for account of third parties resulted during the year in the issue of 1,937,000,000 roubles in drafts and telegraphic orders. The bank discounted during 1908, 1,800,321 bills on Russia for an aggregate amount of 708,000,000 roubles ($365,000,000), and 24,000,000 roubles in foreign bills. Discounts stood on the average for the year at 197,000,000 roubles. Advances on securities were 130,100,000 roubles and advances in other ways about 155,000,000 roubles. The average rate of discount in 1908 was 5.99 per cent., as compared with 7.12 in 1907, and 7.28 per cent. in 1906. The total earnings of the bank exceeded 51,000,000 roubles, and net earnings were 22,000,000 roubles ($11,330,000).

ADJUSTMENT OF THE GREEK DEBTS.

THE decision has been reached in Greece to convoke a national assembly with a view to some sweeping economic and political changes. A bill has been introduced by Mr. Dragoumis, providing for a new loan for 240,000,000 drachmas, of which 90,000,000 drachmas ($18,000,000) is to be devoted to the restoration of the currency to par. The measure also empowers the government to treat with the Debt Commission for the conversion and consolidation of the loans under its care. Commenting upon these incidents and the general situation, the "London Economist" of March 12, says:

"Foreign critics express themselves uncertain as to whether the bill was meant to extend the powers of the Commission or to get rid of it, but the prospects of the new loan have been seriously damaged by the amazing list of demands since issued by the Military League. These include the wholesale dismissal of civil servants and professors, by way of purging their ranks; a redistribution of seats; a reform of communal administration; the removal of the Royal Stables at Athens—a minor grievance, but a real one; and a land purchase scheme for Thessaly, where the landlords are absentee Turks. Obviously, its accomplishment would demand years; part would go far to set up civil war; the final item would certainly embroil Greece with the Porte."

BANK PROFITS IN GERMANY.

THE returns of the big joint-stock banks of Germany have been published and while they show good gains in profits during 1909, they have

failed to satisfy the expectations of the market, and have not strengthened quotations. According to the Berlin correspondent of the "London Economist," in its issue of March 5, the Schaaffhausen Bankverein earned net profits of £543,000, against £507,000 in 1908, and its dividend is seven and one-half per cent., against seven per cent. The Commerz und Disconto Bank, of Berlin and Hamburg, had net earnings of £309,000, against £271,000, and distributes six per cent., as compared with five and one-half per cent.

The Disconto-Gesellschaft had net profits of £1,188,000, against £1,003,000 for 1908, and its dividend is nine and one-half per cent., against nine per cent. This bank improved its earnings considerably by selling at a good profit the stock of a compressed air company, which it had been holding for some years. The effect of this transaction is partly seen in the big gains reported in profits on security operations, which amounted to £381,000, against only £90,600 in 1908.

The two most striking features in the bank reports hitherto issued have been big gains in deposits and in the amounts loaned on stocks in contango operations. The report of the Disconto-Gesellschaft lifted the price of its shares more strongly than in the case of the other banks which have published their results.

DIVISION OF BANKING PROFITS IN EUROPE.

THE tendency in renewing the charters of the central banks of Europe to divide their profits with the public treasury, has reached such a stage that in two countries at least the treasury now receives a larger share than the stockholders. An interesting summary of this division of bank profits between the shareholders and the state is embodied in an article from the "Frankfurter Zeitung," which is translated in one of the monographs of the National Monetary Commission on the renewal of the charter of the Reichsbank, or Imperial Bank of Germany. It appears that in 1907, the shareholders of the Imperial Bank received only thirty-four per cent. of the net profits, while the share of the empire was sixty-six per cent. The table belows shows the manner in which the distribution of profits has been affected by changes in legislation between 1876 and 1907. (000 omitted).

	Capital.	Stockholders received on— Nominal capital. Per cent.	Actual investment. Per cent.
1876-1890....	$28,570	6.95	6.043
1901-1904....	35,720	6.24	5.238
1905-1907....	42,860	8.09	6.563

The average dividends received during the period 1900-1905 by the shareholders of various central banks of issue were as follows:

	Per cent.
Reichsbank	6.22
Bank of the Netherlands.........	9.16
Bank of England	9.50
Bank of France	12.60
National Bank of Belgium	15.00
Austro-Hungarian Bank	4.61

The governments received the following share of profits for 1907:

From the	Amount.	Per cent.
Reichsbank	$8,210,000	66.0
Bank of the Netherlands...	1,360,000	54.8
Bank of France	1,410,000	16.9
National Bank of Belgium.	500,000	21.0
Austro-Hungarian Bank ...	2,270,000	37.5

THE FRENCH BANK OF WEST AFRICA.

THE French bank of West Africa has justified the anticipations with which it was created in 1901, when the Bank of Senegal was absorbed and arrangements were made to establish branches throughout French West Africa. The total transactions increased from 183,589,722 francs for the fiscal year 1908, to 229,956,719 francs ($44,400,000) for 1909. The net profits rose from 892,355 francs to 1,-

032,402 francs, of which, however, only 90,000 francs was distributed in dividends, the remainder going to the strengthening of various reserve funds and the writing down of real estate and other assets. The Governor, M. Rostand, replying to a request for an increase of dividend, replied that it was essential to assure the future of the bank and that a bank which operated in the colonies had need to be especially strong to guard against bad years and other possible checks. His attitude was approved unanimously by the general assembly of the shareholders on November 11th last, as reported in "L'Economiste Europeen" of February 4th. The bank already possesses 692,489 francs in various reserves, which is forty-six per cent. of the paid up capital. Branches are in operation in Senegal, on the Ivory Coast, and at many other points in French West Africa.

RAILWAY DEVELOPMENT IN EUROPE.

THE French "Journal Officiel" has made up the annual tabulation of the new railway trackage in all countries of Europe during the year 1909. The total length of lines in Europe now stands at 322,037 kilometers (about 200,000 miles), an increase of 4,258 kilometers (2,644 miles) during the year 1909. The most notable increases during the year were 1,031 kilometers in Austria-Hungary, 994 kilometers in Germany, and 458 kilometers in Russia and Finland.

Railway extension has not proceeded in recent years so rapidly as in the United States, because of the relatively smaller area to be covered in western Europe and the fact that the principal needs for such transportation have already been supplied. Construction has been very considerable, however, within the period of a generation. The trackage in operation on January 1, 1875, was 134,591 kilometers (83,830 miles). This had increased on December 31, 1898, to 269,743 kilometers (165,000 miles), so that the increase within the past eleven years has been only about 53,000 kilometers. Railway construction in Russia was very rapid from 1887 to 1900, but has been small during the last few years.

The proportion of trackage to population is largest in Sweden, where it is 26.5 kilometers to 10,000 population. Denmark shows for each 10,000 of population a trackage of 15.5 kilometers; Switzerland, 13.6 kilometers; Norway, 12.9 kilometers; France, 12.4 kilometers; Germany, 10.5 kilometers; Great Britain and Ireland, 9 kilometers; Austria-Hungary, 9 kilometers, and Spain, 8.3 kilometers.

THE POSTAL CHECK IN GERMANY.

THE success of the postal check system in Germany has been so great within the first year since it was put in operation, that it is likely to be imitated in France. According to "L'Economiste Europeen" of February 4th last, the total number of accounts which were opened in Germany at the close of 1909, including the state services of Wurtemburg and Bavaria, was 43,020. The amount paid in, in money and in transfer orders, attained the enormous sum of 5,925,267,000 marks ($1,407,000,000). As the payments on the other side were of nearly the same amount, the aggregate movement of funds exceeded 11,000,000,000 marks. The transfers by means of checks or drafts were about 2,500,000,000 marks, or a little less than half of the total amount.

A NEW MEXICAN DOLLAR.

THE centennial of Mexican independence, which occurs this year, will be commemorated by the issue of a new form of the silver peso, which will probably supersede the old design, which has had such a wide circulation in the Orient. The new design was prepared abroad and is very artistic in character. On one side will

appear the national coat of arms. On the other side will appear a figure of liberty mounted on a fiery charger, crowned with the Phrygian bonnet, with light, floating drapery, holding a torch in her right hand. Her left hand will hold a branch of laurel. The left foot of the charger will be raised and also the right rear foot. He will stand upon a narrow strip of land, behind which will appear a rising sun. Around the edges will appear the inscription, "*Independencia y Libertad.*"

THE INDIAN GOLD RESERVE.

A REMARKABLE recovery in the portion of the gold standard reserve kept by the Government of British India in gold and securities has taken place during the past ten months. The severe pressure to which the sterling resources of the Indian Government were subjected during the crop failures of 1908 led to the reduction of the amount held in London by nearly one-half, an equivalent amount in silver rupees piling up in the meantime in India. The figures now available show, however, that the portion in London held in gold and securities increased from £7,916,100 on March 31, 1909, to £12,544,700 on January 31, 1910. The facts are brought out by the "London Economist" in a sharp exposure of one of Mr. Moreton Frewen's breezy suggestions, that "the failure of an autumn's rain dissipates in a single season the gold standard reserve fund so laboriously accumulated during fifteen years," etc. This insinuation, it is declared by the "Economist" of February 5 last, "conveys an untruth." The real situation is thus summed up by the London publication:

"During the great depression of 1908 the sterling portion was reduced (the reduction therein being made good by an increase in the rupee portion), but for the last year the sterling portion has been growing rapidly again, the rupee portion being correspondingly reduced, the total remaining unaltered except for the addition due to the receipt of dividends on securities. The figures that are of general interest in the matter are those showing the variations in the amount of the sterling portion during the ten (not, as Mr. Frewen says, fifteen) years since the establishment of the reserve. They are given in the following statement:—

STERLING RESOURCES HELD IN THE GOLD STANDARD RESERVE OF THE GOVERNMENT OF INDIA.

March 31,	1901	£1,200,000
"	1902	3,454,200
"	1903	3,810,300
"	1904	6,376,500
"	1905	8,362,600
"	1906	12,165,000
"	1907	12,518,500
"	1908	14,317,700
"	1909	7,916,100
January 31,	1910	12,544,700

"The securities held on account of the reserve are, for the purpose of this statement, valued at cost price. The gold standard and the fixing of the value of the rupee has saved the laboring and commercial classes of India from the most terrible losses. The only people who ought to complain are owners of silver mines and speculators in exchange. And it is doubtful whether even the owners of silver or silver mines should attribute more than a tiny fraction of the depreciation to the action of the Indian Government."

BANKING EXPANSION IN BRAZIL.

A REVIEW of the recent expansion of banking in Brazil is made by the Rio de Janeiro correspondent of the "London Economist" in its issue of February 19 last. For some time past it has been evident that existing banking facilities are insufficient satisfactorily to meet the growing expansion of trade. Rio, Sao Paulo, Bahia, and Pernambuco are fairly well provided, but other cities, particularly in the Northern and Southern States, are much in need of sound financial institutions. A step in the right direction was taken last year by the Banco do Brazil, when they extablished branch offices at Pará and Manaos, and their example is now

being followed by the London and Brazilian Bank, which has already obtained permission to open two branches in the State of Paraná—at Curityba and Paranaguá. In the Federal capital the Banco Espanol del Rio de la Plata has recently commenced operations, and the Banque de Crédit Foncier du Brésil will open its doors shortly. The establishment of yet another bank is contemplated under the name of the Banco de Credito Real dos Estados Unidos do Brasil, Coronel Joao Francisco Pereira de Souza, representing a group of Argentine capitalists, having requested the necessary authorization from the Federal Government. The capital of the concern is stated to be 4,000 contos of reis (say $1,225,000). The entrance of Argentine capital into Brazil for banking purposes, as exemplified in this proposal and in the opening of the branch of the Banco Español, is an interesting development, and one which should conduce to increased trading, and, consequently, a more harmonious feeling between the two Republics. Nothing further has so far been heard in Brazil of the Pan-American Bank, of which there was so much talk last year.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS.

CHECKS DRAWN BY PUBLIC OFFICER TO HIS OWN ORDER—LIABILITY OF PAYING BANK—NOTICE.

CITY OF NEWBURYPORT vs. SPEAR.
SAME vs. FAY.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, JAN. 6, 1910.

The mere fact that checks drawn by a city treasurer are made payable to his own order and indorsed by him is not notice to the drawee bank that they should not be paid.

Nor is the bank charged with notice because the checks do not show on their face that they were drawn in compliance with an ordinance requiring that no money should be drawn out of the city treasury, except on the written order of the mayor countersigned by the city clerk.

KNOWLTON, *C. J.:* These are two actions, depending upon similar facts, to recover for money had and received by the several defendents to the plaintiff's use. They grow out of the embezzlement of the plaintiff's moneys from time to time by its city treasurer, as it is shown in City of Newburyport vs. Fidelity Life Ins. Co., 197 Mass. 596, 84 N. E. 111. The principal difference between the facts of that case and the facts of the present case is that in that case the checks were made payable to the order of the defendant's cashier, while in the present cases they were made payable to the order of James V. Felker, who was the city treasurer, who signed the checks in his official capacity. In all the cases, the checks appear on their face to be drawn on the account of the plaintiff city by its official representative, and they were received by the defendant in payment of a personal debt of the treasurer, and afterwards deposited in the defendant's bank account and collected in the usual way.

The cases come to us on a report in which it is stated that the facts afterwards recited "appear in evidence." These facts must be treated as agreed to by both parties, and the judge was justified in making rulings of law upon them accordingly. In each case, he directed a verdict for the plaintiff, refusing numerous requests for rulings presented by the defendants.

It will not be necessary to consider these requests in detail, if we find that

the plaintiff was entitled as matter of law to recover upon the undisputed facts. Each defendant received checks drawn upon the plaintiff's bank account, which were in form payable from this account, were expected to be paid from it, and were in fact paid from it, the defendant receiving the proceeds. As these were taken in payment of a personal debt of the treasurer, the defendant is chargeable for money had and received, under the decision above cited, which fully covers this part of the case.

The proper interpretation of the statement that "the defendant received the checks, deposited them in his bank account, and they were paid by the banks upon which they were drawn," is that the money was collected for the defendant in each case through the bank which received the checks on deposit for that purpose.

The defendants contend that the bank could not legally pay the checks, and that the plaintiff's money in the bank was not diminished by the payment, and the plaintiff was not damaged, as the bank is still accountable for the deposit as if the checks had not been drawn. This contention rests upon the view that, if the bank could not properly make the payment, the plaintiff could not treat it as having passed the money to the defendants, and cannot maintain an action against them for money had and received.

This view is combated by the plaintiff, which contends that, even if the payment was made by the bank without authority, the plaintiff still may elect to follow the money. In support of this doctrine it cites Van Dyke vs. State, 24 Ala. 207; Whitten vs. Barringer, 67 Ill. 551, and Bolles' Modern Law of Banking, 614, 615.

We do not find it necessary to pass upon this question, for we are of opinion that, upon the facts before us, it does not appear that the payment by the bank was improperly made. On this point, the defendants contend, first, that these checks were made without authority, and should be treated as if the signature of the drawer had been forged. They rely upon an ordinance of the city, providing that "no money shall be drawn out of the city treasury except on the written order of the mayor, addressed to the treasurer, and countersigned by the city clerk."

We do not understand this ordinance as having any reference to the form of the check to be used by the treasurer in drawing money from the bank, but only to the regulation of his conduct in making payments from the treasury, whether by check or otherwise. It is to be remembered that a treasurer is a public officer who has the custody of the moneys of the city and gives a bond with sureties for their security. In the language of Mr. Justice Wells in Railroad Nat. Bank vs. City of Lowell, 109 Mass. 214-216: "The treasurer of a city or town is an independent accounting officer, by statute made a depositary of the moneys of the city or town. (Gen. St. 1860, c. 18, §§ 54-59; chapter 19, § 2.) The legal possession of the specific moneys in his hands, from whatever source, is in him. (Hancock vs. Hazzard, 12 Cush. 112; Colerain vs. Bell, 9 Metc. 499.) All moneys of the city or town he holds as its property and exclusively for its use, but he holds them by virtue of his public official authority and duty, and not merely as the agent or servant of a corporation." See, also, Egremont vs. Benjamin, 125 Mass. 15-19.

The charter of the city of Newburyport (St. 1851, p. 790, c. 296, § 8), which provides for the election of the city treasurer, contains nothing different from the general law in regard to his duties. We have discovered no different provision in any amendment of the charter. The provision in the same section that "the city council shall take care that money shall not be paid by the treasurer unless granted or appropriated," relates to payments such as are referred to in the ordinance, and does not assume to interfere with the custody of the money by the treasurer.

It is said in the statement of facts in Newburyport vs. Fidelity Ins. Co., supra, that "these bank accounts were established under the authority of the

city, and the form of the checks likewise was adopted by the authority of the city." But there is nothing to show that the form of the checks requires the signature of the mayor or city clerk upon them, and, in the absence of anything to the contrary, it must be assumed that, by virtue of his official authority, the treasurer could control the custody of the money and draw necessary checks for that purpose. So far as appears, he might have drawn all the money from one bank and might have deposited it in another bank. That the checks did not bear evidence on their face that a payment had been authorized in writing by the mayor, on a paper countersigned by the city clerk, was not notice to the bank that they should not be paid.

Nor was the fact that the checks were payable to the order of the city treasurer, and indorsed by him, such notice. This was expressly held in Goodwin vs. American Nat. Bank, 48 Conn. 550, in these words: "The law will not charge the officers of a bank with knowledge that a depositor has committed a fraud, nor impose upon them the duty of injury, because he has drawn, upon a treasurer's account, checks payable to himself or to bearer, or has transferred money from it to his own and from his own to it. They are not required to assume the hazard of correctly reading in each check the purpose of the drawer." See, also, Walker vs. Manhattan Bank (C. C.) 25 Fed. 247-255; Gray vs. Johnston, L. R. 3 H. L. Cas. 1-14. A check in that form is equivalent to one payable to bearer. It is not an unusual form of making a check for a legitimate payment. There was nothing in this form to indicate that it was not delivered in payment of an approved debt of the city. Beyond that, there was nothing to inform the bank to whom or for what purpose it was issued. In the absence of suspicious circumstances, the bank had no duty to concern itself with that subject. The presumption is that its arrangement with the treasurer, the official custodian of the city's money, was to pay checks drawn in the form which he was using, without reference to the person to whom they were made payable, so long as there was nothing to indicate that they were not given for a proper purpose. (Gray vs. Johnston, L. R. 3 H. L. Cas. 1-14). Upon the facts in this report, there is nothing to show that the bank was liable to the plaintiff for an unauthorized payment of any of these checks, or that there is any reason why the defendants should not be accountable for the money which they received with notice that it was improperly paid.

The defense that the defendants were not liable, because they paid the money t. others and retained none of it except the amount of their commissions, is not well founded. This also is covered by the decision in City of Newburyport vs. Insurance Co., 197 Mass. 596-603. (See, also, Rochester & Charlotte Turnpike Co. vs. Paviour, 164 N. Y. 281; Beard vs. Milmine [C. C.] 88 Fed. 868; s. c. [Lamson vs. Beard] 94 Fed. 30, 36 C. C. A. 56, 45 L. R. A. 822; Anderson vs. Kissam [C. C.] 35 Fed. 699; Park Hotel Bank vs. Fourth Nat. Bank, 86 Fed. 742 30 C. C. A. 409.)

Judgment on the verdicts.

PROMISSORY NOTE—EXTENSION OF TIME-ACCOMMODATION MAKER—NEGOTIABLE INSTRUMENTS LAW.

BRADLEY ENGINEERING & MFG. CO. vs. HEYBURN.

SUPREME COURT OF WASHINGTON, JAN. 10, 1910.

Under the negotiable instruments law an accommodation maker of a promissory note is not discharged by an extension of time given to the party accommodated.

CHADWICK, *J.* (omitting part of opinion): The respondent brought this action to recover upon two promissory notes executed by the Shaughnessy Hill Lead-Silver Mining Company, a corporation, E. M. Heyburn, and E. R. Ward.

The complaint is the ordinary complaint upon a promissory note in the

usual form. The corporation was not served, and did not appear in the action. E. R. Ward made default. E. M. Heyburn appeared, and, without denying the notes, alleged that they were given in payment for certain mining machinery sold by the plaintiff to the defendant corporation, in which he had no interest other than as a stockholder therein; what, while he signed the notes in the apparent capacity of a joint maker, he was in fact an accommodation maker and surety thereon, and received none of the benefits thereof, which facts were well known to the plaintiff, and that the plaintiff thereafter, without defendant's knowledge or consent, and for a valuable consideration, extended the time of payment of the notes. The answer as a further defense alleged payment of the notes. Plaintiff's demurrer was sustained to the plea of release. The case was tried upon the issue raised by the plea of abatement. The court found against the defendant upon that issue, and entered a judgment as prayed for in the complaint. The defendant E. M. Heyburn appeals.

Appellate argues that the court erred in sustaining the demurrer to the answer, for the reason that he was an accommodation maker, which fact may be shown by parol; that he was bound only as a surety; and that the extension of time to the principal released appellant as such surety. (Baldwin vs. Daly, 41 Wash. 416, and Spencer vs. Alki Point Transportation Co., 101 Pac. 509, are relied upon to sustain this contention). The latter case is not in point, for, aside from the fact that it appeared that the indorser was a surety in fact and entitled to the protection afforded sureties, it is settled by an almost unbroken line of authority that a corporation may plead ultra vires as a defense to a contract of suretyship when sued by one who has knowledge of the original relation of the parties. Ogden, Negotiable Instruments, § 124. Aside from this consideration, it is generally held that sections 29 and 64 of the negotiable instruments law (Laws 1899, pp. 346, 352, c. 149) are inapplicable to corporations. Crawford, Annotated Negotiable Instruments Law (3d Ed.) 46, and cases there cited.

In Baldwin vs. Daly, the court said: "The ruling of the trial court, to the effect that it is incompetent for one of two or more makers of a joint and several promissory note to show by parol that he is in fact only a surety, and that he was known to be such by the payee named in the note when the note was taken, is contrary to the ruling of this court in Culbertson vs. Wilcox, 11 Wash. 522, and Bank of British Columvia vs. Feffs, 15 Wash. 230." The cases upon which that statement was based were decided before the passage of the negotiable instruments act, which clearly and intentionally changed the law in that respect. Aside from this, it appears upon the face of the decision that such statement of the rule was dictum; for the opinion states: "It is apparent, however, that this question is not a material one here, unless it is to be held that the appellant Peter was entitled to show that the respondent had released him from liability on the note." And it was then held that a release by parol could not be shown.

But these cases must henceforth be resolved independently of all decisions based upon the law merchant, notwithstanding the contention of appellant that the negotiable instruments act in no way affects the rights or changes the relation of the original parties to the contract. To sustain his theory that it does not do so, appellant cites section 58 of the law: "In the hands of any holder other than a holder in due course a negotiable instrument is subject to the same defenses as if it were nonnegotiable. * * * " Laws 1899, p. 351, c. 149, § 58. If this section stood alone, there is reason for appellant's contention, but it is a primary rule of construction that one section of a statute must be considered with reference to others so that the legislative intent may not be defeated. Looking, then, to the whole law and not to the particular section, we find that it is also declared:

"Sec. 29. An accommodation party

is one who has signed the instrument as maker, drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

"Sec. 60. The maker of a negotiable instrument by making it engages that he will pay it according to its tenor, and admits the existence of the payee and his then capacity to indorse." Page 351.

When construed in the light of these sections, section 58 cannot be made to bear the construction put upon it by appellant. The law further provides:

"Sec. 26. Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time." Page 346.

"Sec. 52. A holder in due course is a holder who has taken the instrument under the following conditions: * * * (3) That he took it in good faith and for value. * * * " Page 350.

"Sec. 59. Every holder is deemed prima facie to be a holder in due course. * * * " Page 351.

When we consider that it was the object of the negotiable instruments act to make such instrument certain and to speak the true contract of the parties, thus saving the commercial world the hazard of trumped up defenses or the peril of trying out collateral issues such as suretyship, etc., in case of suit, it would seem that we cannot reject the other sections and give effect only to section 58.

Our conclusion is further fortified by section 192: "The person 'primarily' liable on an instrument is the person who by the terms of the instrument is absolutely required to pay same. All other persons are 'secondarily' liable." Page 373. This section not only fixes an absolute liability on the one who by the terms of the instrument binds himself without qualification, but furnishes a rule of evidence as well. Nor do we think that this construction renders section 58 meaningless. The defenses there referred to must be held to be only such defenses as are permitted by the act itself, or such equities as do not deny the tenor of the bill. Appellant admits that, if respondent was a holder in due course, he could not plead his present defense.

We find no case in which this exact question was presented, but in the case of Hermann's Ex'rs vs. Gregory (Ky.) 115 S. W. 809, it was held, in construing section 26, no particular reference being made to section 52, which might well have been done as it seems to us, that one who had taken the note of another, and had paid another note owing by the maker to a bank was a holder for value, and a defense of no consideration could not be set up. A holder for value, therefore, and a holder in due course, are in the same position to challenge any defense based upon a collateral agreement or upon equities existing between the makers by holding up the instrument itself. This construction harmonizes the several provisions of the law, and makes effectual the purpose of the law to make negotiable intruments in fact what they have been only in theory under the law merchant a certain medium of commercial exchange.

Our conclusion also harmonizes with the several decisions of this court which are collected in Anderson vs. Mitchell, 51 Wash. 265, wherein we held, without reference to the negotiable instruments act, that one who signed as maker was bound by the terms of his obligation. Being primarily liable as an accommodation maker, appellant was not discharged by an extention of time to the principal debtor. Eaton & Gilbert on Commercial Paper, § 123f; Vanderford vs. Farmers' & Mechanics' Nat'l. Bank, 105 Md. 164; Wolstenholme vs. Smith, 34 Utah, 300; Cellers vs. Meachem, 49 Or. 186.

[Edited by John Jennings, B.A.. L.L.B., Barrister, Toronto.]

BILLS OF EXCHANGE—ACTION UPON—BILL DRAWN TO ORDER OF BANK—NOT ENDORSED—ACTION BY DRAWER UPON—HOLDER OF BILL.

VELI VS. HEMPSTREET. (2 Saskatchewan, L. R. p. 296.)

THIS action was brought upon three several bills of exchange drawn by the plaintiff upon the defendant payable at sight to the order of the Dominion Bank and accepted by defendant. The statement of claim sets forth: That these bills were dishonored and that the bank thereupon returned them to the plaintiff, who is the holder of them. The defendant denied acceptance and alleged that the bills were not presented for payment and that they had not been endorsed by the Dominion Bank, to the plaintiff. Application was made before Mr. Justice Lamont for summary judgment upon motion and the defendant appeals from the order granting judgment.

No affidavit was produced on behalf of the defendant. He relied entirely upon the fact, as he claimed, that the statement of claim did not disclose the good cause of action against him. He set up:

1. That his agreement by his acceptance was to pay the amount of the bills to the Dominion Bank and that the bank not having endorsed the bills he was not liable.

2. That section 140 of the Bills of Exchange R. S. C. cap. 119, did not alter or affect the question. That in order to entitle the drawer of the bill to recover the Dominion Bank must endorse it and the drawer becomes the holder thereof according to the definition of that term as given in the second section of Act.

3. If that is not correct, the drawer of the bill under the section of the act referred to could only take advantage of it when he pays the bill which was not alleged to have been done in this case.

WETMORE, *C.J.*, PRENDERGAST, NEWLANDS and JOHNSTONE, *J.J.*: The Chief Justice and Mr. Justice Johnstone were of the opinion that the agreement should be allowed because they were unable to find any authority where it had been held that the drawer of the Bill of Exchange could bring an action upon it as such without its being endorsed by the payee. Mr. Justice Newlands delivered judgment, concurred in by Mr. Justice Prendergast, of which the following is the substance: Under the rules of the Court, it is unnecessary to allege any facts that would be presumed in favor of the party pleading. Therefore it was unnecessary to allege that the Dominion Bank which was the holder of the bill of exchange at maturity was a holder in due course, and as it would therefore be presumed that it gave value for the bill, it is, I think, equally to be presumed that when it returned the same to the plaintiff, the drawer of the bill of exchange, that it was paid by him. This presumption would arise on the same principle that a presumption of payment by the acceptor of the bill of exchange or the maker of a promissory note arises from the possession of the bill or note by the acceptor or the maker as the case may be, after maturity, the drawer of a bill being liable to the payee or endorsee in the event of the acceptor not paying the same at maturity; his possession of the bill after maturity would be prima facie evidence that he had discharged that liability by payment. This fact being presumed it would be unnecessary to allege it to recover from the acceptor under Section 140 of the Bills of Exchange Aact.

As to the defendant's contention that the Dominion Bank should have endorsed this bill to the plaintiff, I need only point out that a bill payable to a third party, as this was, ceases to be negotiable upon its payment by the drawer to the holder after maturity, and the only right which exists is the right of action which the drawer has

against the acceptor. This right he acquires, not through the payee, but from his original position as drawer, *i. e.*, the bill is not negotiated to him but is paid by him as a party liable leaving him with only his right of action over against the acceptor.

The Appellate Court being evenly divided, the judgment appealed from stands. In the judgment of the editor of these notes the true legal position is that set out in the judgment of Mr. Justice Newlands above.

BILLS AND NOTES—PRESENTMENT, WAIVER OF—KNOWLEDGE OF DEFAULT.

Ayer vs. Murray (New Brunswick Reports, 39 S. C., P. 170).

An offer made after its maturity by an endorser of a promissory note to pay the amount of the same will not operate as a waiver of presentment in the absence of evidence that at the time of the offer he knew there hau been default in presentment.

THIS was an appeal from the county judge of Westmorland who gave a verdict in favor of the plaintiff. The plaintiff held a promissory note endorsed by the defendant and deposited it for collection. It fell due on Saturday, but was not paid, and on Monday, through some mistake, the note was sent to the defendant with a notice that it had not been paid. A few days dater the plaintiff went to the defendant, who denied having the note, and, after some conversation, the plaintiff says the defendant offered to pay the note in full on monthly instalments of $10, and that this offer was accepted, provided the note was renewed. These negotiations came to nothing, and the defendant kept the note until the time of trial.

The grounds of appeal on behalf of the defendant are:—

(a) That there was no proof of presentment at the stated place provided for payment on the due date.

(b) That no sufficient notice of dishonor had been given.

(c) That the offer to pay by the defendant after maturity would not operate as a waiver of presentment or of notice of dishonor unless the defendant at the time had knowledge of the default.

Judgment (Barker, *C.J.;* Landry, McLeod and White, *J.J.*): On the assumption that the trial judge was right in accepting the plaintiff's versions of the negotiations after maturity and that the offer which was made by the defendant would amount to a waiver, but would not, nevertheless, operate as a proof of presentment unless at the time the defendant knew that in fact there had been no presentment for payment at maturity, and there is no evidence one way or the other on that point. If the notice sent by the bank to the defendant accompanying the return of the note was a good notice of dishonor, it must have expressly stated that the note had been dishonored, thus conveying to the mind of the defendant that the note had been duly presented, which was not in fact the case. There is ample authority for saying that a promise to pay made by an endorser of a bill with full knowledge of all the facts will operate as waiver of his right to notice of dishonor, or, in other words, as a waiver of any rights, the non-fulfillment of which he then had knowledge of, but there is not authority to say that any such terms will operate as a waiver of any right, the non-fulfillment of which was not within the knowledge of the promisor at the time of making the promise.

The bill was renewed and the action dismissed, but without any costs, in view of the conduct of the defendant in retaining the note sent to him by mistake.

PROMISSORY NOTE—INDORSEMENT OF NOTE PAYABLE TO ORDER OF AN UNINCORPORATED, NON-TRADING ASSOCIATION.

Cooper vs. McDonald (19 Manitoba Reports, P. 1).

The indorsement of a promissory note payable to the order of an unincorporated non-trading association such as a trade

union, with the name of the association and the signatures of two or more of its officers, will enable the person to whom it is delivered so indorsed to sue the maker upon it. There is no valid method of indorsement of such a note so as to pass a title to it under the law merchant, except by the signature of all the members of the association.

THE plaintiff and the defendant were members of an association known as The Journeymen Plumbers, Gas and Steam Fitters' Helpers' Union, No. 62. That association was not registered under the Trade Unions Act, though it was such a combination as was described in the second section of that act. Admittedly, it was not a corporation, or a partnership, or an association for the purpose of trade or for the purpose of deriving gain or profit from its transactions, and had no legal entity.

The Union lent to the defendant sixty dollars of its funds and took his promissory note, as follows:

Winnipeg, March 26, 1906.

$60.00

Sixty days after date I promise to pay to the order of Plumbers & Steam Fitters' Local Union, No. 62, at Winnipeg, Manitoba, sixty dollars for value received.

(Signed) W. J. McDonald.

The defendant repaid a portion of the moneys so advanced, but refused to make further payments. The note was then indorsed as follows: "Plumbers & Steam-fitters' Union, Local No. 62, Winnipeg. President, G. L. English; Fin. Secretary, F. J. King." So endorsed, it was delivered to the plaintiff, who sued the defendant upon it in the County Court of Winnipeg.

Judgment (Howell, *C.J.A.;* Richards and Perdue, *J.J.A.):* The trial judge gave judgment in the plaintiff's favor for the balance due, and from this judgment an appeal was taken. The Court of Appeal, with much regret, felt bound to differ from the learned trial judge as to the law affecting the case. The plaintiff suing an endorsee of the note, and in order to succeed, made a title to it under the law merchant by showing that it had been indorsed to him by the payees. The Union admittedly consists of a large number of members and was not organized for the purpose of lending money. The law as to the transfer of negotiable instruments by legally existing corporations, acting through their officers, cannot be invoked to make good the acts of parties purporting to represent an unincorporated association, and the powers of partners to endorse the partnership name on paper payable to the firm cannot be held applicable. Every member has his separate interest in these funds, and the association not being incorporated and not being a partnership, there seems to be no valid method of indorsement of the note so as to pass a title to it except by the signature of every member of the association.

The appeal was therefore allowed.

THE BANK ACT—SECURITY IN FORM C—RANCHER—DESCRIPTION OF PROPERTY.

Hatfield vs. Imperial Bank (6 T. L. R., P. 296).

A rancher whose business is raising cattle is not, no matter how large his transactions may be, "a wholesale purchaser or shipper of or dealer in live stock," within the meaning of s. 88 of "The Bank Act." R. S. C. (1906) c. 29.

The description in a security in the form in schedule C of that act must be sufficient to indentify the property.

THIS was an action for the delivery to the plaintiff of a certain registered stallion, or the payment to him of the value. He claimed it as mortgagee under a chattel mortgage from one H. E. G. Cook, a rancher, and the defendant justified their detention of it under a security given by Cook to them to secure an advance. The security was in the form in Schedule C to the Bank Act, R. S. C. (1906), ch. 29, and referred generally to "all unbranded horses and cattle," without specifying their whereabouts. The stallion in question had not become Cook's property until after the security had been taken by the defendants.

Judgment (Sifton, *C.J.):* The special privileges granted by Parliament to

the chartered banks must be construed strictly and by reference to the general law of the country.

In this case the evidence shows that the man who obtained the loan was a mation, at least, is no more a wholesale rancher. Now, a rancher, in my esti- dealer, because he raises cattle, no matter whether he has fifty head or five thousand, than a farmer is who deals in grain, which he raises in large crops. There appears from the evidence to have been, so far as my opinion goes, an entire misapprehension of the effect of Sec. 88 of the Bank Act, in regard to these people being treated as wholesale dealers or wholesale purchasers or shippers; they make their money not in that way, but as cattle breeders or cattle growers, and that they sell either in large or small numbers is merely an incident.

But even if a rancher could give proper security under section 88 of the Bank Act, there are two other grounds in this particular case for holding the document in question invalid. In the first place the particular animal in question, so far as the evidence shows, was not the property of the man that secured the loan at the time the loan was secured or for several months afterwards, and, unless specially mentioned and described, it could not possibly come under the description given in the document. In the second place this description is in any event insufficient.

It is quite clear that under section 88 of the bank act there must be a proper description of the goods, whether cattle, horses or wheat; there must be a description by which those goods may be located. The description under which this animal is claimed, namely, "all unbranded horses and cattle," without even a location, is not a proper description under the act. There should be just as good a description under this act as under a chattel mortgage—a description by reference to which the article can be identified.

On any of these grounds I should hold that the plaintiff was entitled to possession of this stallion, and he is therefore entitled to its return or the sum of $500 as its value, with costs.

COMPANY — WINDING-UP — CLAIM OF BANK ON SECURITIES ASSIGNED BY COMPANY —NOTICE OF ASSIGNMENT TO PERSONS LIABLE ON SECURITIES—ABSENCE OF—STATUS OF LIQUIDATOR TO OBJECT.

Re William Hamilton Manufacturing Co.

An appeal by the liquidator from the order of Meredith, C.J.C.P., ante 61, dismissing an appeal from the certificate of the local master at Peterborough, allowing the claim of the Ontario Bank.

The company, being indebted to the bank, assigned certain securities to the bank, which, after the insolvency of the company, were sold by the liquidator in the winding-up proceedings, with the approval of the bank, and, as alleged by the bank, upon the understanding that the purchase price thereof was to be held by the liquidator and to stand in the place of the assets so transferred, and that the rights of the bank in respect of the securities were not to be prejudiced by such sale. The local master found in favor of the claimants as preferred or secured creditors for $79,715.06, and as ordinary or unsecured creditors for $134,815.48.

JUDGMENT: At the close of the argument the judgment of the Court was delivered by Moss, *C.J.O.* (viva voce): We do not deem it necessary to reserve our decision. The case has been fully discussed. The points involved are not new or unfamiliar to us. It does not appear to us the transactions in question are open to the objections urged by Mr. McPherson. It is beyond doubt—indeed, it is as admitted—that the advances were made by the bank. The amounts were placed to the company's credit and were used by it. Upon each occasion of an advance an agreement purporting to assign certain contracts,

which were assets or property of the company, were given to the bank. These contracts were property which could be transferred under the Bank Act as security for advances. So that, unless want of notice to the debtors under the contracts affected the question, the assets were vested in the bank as security for advances made at the time. It is said that notice to the creditors was essential to protect the bank's position. But the question here is not between the bank and the debtor or between the bank and another assignee. The liquidator is, in this respect, in no higher position than the insolvent. He is an assignee by operation of law and is not a subsequent assignee as that term is applied in cases of this kind. As regards these transactions, the liquidator stands in the company's shoes, and the cases show that in order to complete the title as between assignor and assignee, notice to the debtor is not necessary. In our opinion, the learned chief justice was right, and the appeal was dismissed.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

PROTEST OF NOTE REPLEVINED.

——, Mich, April 19, 1910.

Editor Bankers Magazine:

Dear Sir: We enclose herewith copy of a note which was received along with one hundred dollars ($100) in cash from "A" by Mr. G, treasurer and one of the owners of the "B" Company, who is also president of the First National Bank of ——. It was understood between "A" and the "B" Company that should this note not be satisfactory to them, that "A" would substitute some satisfactory paper in its stead. After having received the note, and the bill of sale having been given for the steam tug, in payment of which the note was accepted, the "B" Company got notice from the F. J. Cole Company that they would deny liability on this note. The "B" Company notified "A" to substitute other papers in place of this note, as the note was certainly very unsatisfactory. Before the substitution could be made the said F. J. Cole Company replevied the said note, and it is now in the hands of the sheriff. We have learned that a note similar to this, made for six months, has since been paid by Cole Company. Will you please tell us if we can collect this amount on a copy of the note, and in case of refusal, should this copy be protested in order to hold F. J. Cole Company, or tell us what is proper to do in order to protect our interests in the matter.

Yours truly,
Vice-President.

$1,000.00 ——, Mich., May 22, 1909.

One year after date for value received we promise to pay to the order of "A"
One Thousand Dollars at the Commercial Bank, ——, Mich., with interest at the rate of six per cent. per annum until paid.

D. L. Mackay & Co.,
Per D. L. Mackay.

Endorsements:

F. J. Cole Company,
By F. J. Cole, secy. and treas.
"A", Richard Jones, secy. and treas.

Answer: The fact that the bank has been deprived of the possession of the note through the replevin proceedings will not prevent it from enforcing its rights against any of the parties thereto. The protest may be made on a copy of the note. Negotiable Instruments Law (Mich.), Sec. 162. And upon the trial, the person in whose custody the note may be, can be required to produce it in Court; and if in the meantime the original should be lost or destroyed, or taken out of the jurisdiction of the Court, a copy may be used in evidence.

FORGED INDORSEMENT—RECOVERY OF MONEY PAID.

Mt. Vernon, N. Y., April 11, 1910.

Editor Bankers Magazine:

Dear Sir: A maker of a check learns that payee thereof never received it. Maker investigates and finds check paid, and exhibits it to payee, who claims endorsement appearing thereon is not his. The maker returns check with payce's affidavit to paying bank, who returns it to previous endorser, who attempts to return it to preceding endorser, the supposed payee, but cannot locate him. All of this occupies four or five months.

Is the party who cashed the check for

the supposed payee, released by reason of the long time elapsing before making claim?

How long does an endorser's liability run as to the correctness and sufficiency of previous endorsements?

Please quote the law.

SUBSCRIBER.

Answer: We infer that the "previous indorser" to whom the paying bank returned the check was the person to whom it paid the amount thereof. He is, therefore, not liable to the bank as *an indorser;* for a liability of this character exists only in favor of *subsequent holders,* (Negotiable Instruments Law, Sec. 116), and the bank on which a check is drawn is in no sense a *holder,* but is the *drawee.* In such a case the claim of the bank is not upon the contract of endorsement, but for money paid under mistake of fact. (Canal Bank vs. Bank of Albany, 1 Hill. 287; Bank of Commerce vs. Union Bank, 3 N. Y. 230; National Park Bank vs. Ninth Nat. Bank, 46 N. Y. 77). The rule in such cases is that, if no negligence is attributable to the bank in making the discovery, it will ordinarily be sufficient if notice is given as soon as the mistake is discovered, (see cases cited above) and this we apprehend was done in the case stated by our correspondent. Any subsequent delay, short of the six years fixed by the statute of limitations for commencing an action, would not destroy the bank's right of recovery.

THE FUTURE OF THE COUNTRY BANK.

By Charles W. Stevenson.

MATTERS do not seem to be shaping themselves in favor of the country bank. There are signs that bode ill.

This much discussed question of the guaranty of deposits promises to make a division between the State and the national banks if it continues to agitate the people. In Oklahoma the democratic politicians are still defending the measure in the very face of the lamentable conditions brought out by the failure, some months ago, of the Columbia Bank and Trust Company. And it may be, though we cannot bring ourselves to believe it, that the idea will continue to interest men and lawmakers in other States. Surely the failure of the law is apparent and flagrant; and most surely the Supreme Court of the United States will affirm the decision of the Nebraska Federal Court, that it is unlawful to take one man's money to pay another man's debts. But if the snake is not yet scotched and the agitation is continued, then there is to be a still greater divergence between the State and the national bank.

For the State bank this movement is fraught with ill, because the national government has a vested interest, if it has not a vested right, in the national bank. National banks were created to furnish a market for the bonds of the nation and they still continue to use them. So that if something is to be done by the States inimical to the banks in which the United States is first interested, then it will be the policy of this national government to protect its own. The government at Washington will not let the State banks, under such a plan, absorb all the deposits, if such a thing could be admitted as that the guaranty law would continue to be enacted and become the rule of the land.

RETALIATORY LEGISLATION.

Retaliatory legislation by the national government in behalf of the national banks may be hanging on the horizon of the future, and it is not in the interest of that support of the domestic credit of the country which may be looked for from the harmonious action of these two forms of banks doing business side by side in the same community. Indeed, the nationals have the best of the proposition now, in that they have one form of issue, while the State banks have none. In the discussion of the present appeal for an emergency currency it must be noted that the nationals already have that which the State banks ought to possess in equal degree. Retaliatory legislation to overcome the discrimination of the guaranty law may be the outcome if the present tendency to give this subject prominence and to try out this form of popular demand continues. As we have said, we cannot believe that the guaranty proposition, this making of one good bank pay for all the bad ones, will obtain further under the second and sober thought of the American people.

THE RIGHT OF ISSUE.

But in the matter of an emergency issue there is seemingly a pronounced line of divergence. How will the national government, by whatever plan it may adopt, exer-

cise such jurisdiction over the State bank as to enable the bank to issue such amounts of credit and in such times as may be necessary for its own welfare and for the good of the community in which it exists? This is the great and fundamental question which our national lawmakers must look in the face. It will be possible to put the State banks, by artificial national aid, at a decided disadvantage in time of panic.

The right of issue is inherent. The Nebraska guaranty decision shows forth clearly the common law right to do a banking business without incorporation. The State bank has as much natural right to issue, and there is as much commercial need for its issue, under our independent system of banking, as belongs to the national bank. And it will be the duty of the government so to supervise any plan that it will not fall heavily upon the State banks and put them under the ban or make them less flexible and independent than the nationals.

Agitation for a Central Bank.

And this brings us to the third speck on the horizon of the country bank.

There is probably to be some form of a central bank. What it will be doth not now appear. But the primal question involved in its establishment is, will it benefit the country bank by leaving it independent, and will it aid it individually in using its proportionate credit power to the good of local commerce and the strengthening of the present system of banking? If it does not do so, then it is freighted with menace to the country bank and especially to the State bank. For the strength of the entire system must be said to lie in that bank which is close to the people and which furnishes credit for use in local development and local enterprises rather than in speculative and uncertain investments that depend on signal successes for their safety.

To expand the credit of city banks and curtail the credit of country banks, through any intermediary of whatever form called a central bank, will not strengthen our banking system and will be dangerous to the stability of trade and the uniformity of prices, since it is by means of the larger banks that undue speculation, with all its attending evils, is foisted upon the country.

Relation of City and Country Banks.

This is said in no criticism of the city bank, that splendid institution in the congested districts of the country, where the lines of trade meet and mingle, and where there are millions of consumers and toilers that need credit sustenance as much as do the smaller men and institutions under the patronage of the country bank.

The city bank, gathering power and energy from the products of the country, farm and manufactory, transforms and radiates this energy throughout the world by means of the larger enterprises which it supports in turn. And thus it becomes as necessary to our domestic economy as the country bank.

But in the nature of things, with increased power there is increased responsibility, and with aggregated money and credit there is danger of protection or expansion of the city bank at the expense of the full functioning of the country bank.

Will the new central bank, when it is created, come as close to the average country bank as it does to the average city bank? Can it do so? Is it not best and right that it should do so? These are some of the primal questions that are involved. And the working out of the plan will tax the financial ability of the finest and most experienced minds in the country. The voice crying for protection is the voice of the people. The bank of the people is the country bank, with its manifold functions, all of them close to the interests of the community that must be supported by its credit. Let this idea be discussed and it will be found that the original seat of power is this unrenowned, it may be, country bank. And so this institution must look to its own future and ask and demand its rights in the premises.

A Question of Protection.

But can the national government protect either it or the great city bank? This is another question that may result adversely to the independent country bank.

Can the government adopt, as it should, an entirely advisory and ministerial attitude? And if it does not do so, will not its interference fall hardest on the country bank? For as we have before said, the right of issue is inherent and inalienable. It is a matter of commercial liberty. On the other hand, to make the country bank subservient to the national government, either in first person, or in second person acting through the central bank, means bondage and slavery.

The city bank is a great aggregation of capital and financial ability that is well nigh impregnable. But if it is to be the friend of the speculator in the future, as it has too often been in the past; if it is to let out so much of the country bank's money to stock speculators that it must refuse payment to the country bank depositor, then the central bank will but add fuel to the flame. If it takes care of the city bank in time of emergency and cares nothing for the country bank, making the latter, by virtue of its subserviency to this city bank, still more dependent on the mercy of a system of business in loaning that has already caused much trouble, then it will cause much more.

A Question of Delay.

Time is a great and grave element in the matter of gaining a supply of currency to

meet an extraordinary condition. And if the country bank has no right to go directly, and with the speed of the morning, to the central bank for its share of this expansion, this magic force that is to save the day, then it is worse off than it was before, since the city bank may, without proper guarding and control, be less able to help, less able to support, than it was before.

Just what is to be done, just how it is to be done, is one of those questions that tax the foresight and acumen of statesman-financiers as they have never been taxed before. Yet by all it is agreed that something must be done. And no doubt something will be done. But will the law be such as to give to all the banks of whatever size and form their rightful equality, their right to do business according to their inherent powers and the needs of the community? For we may reiterate again and again that the country bank is not only the unit of power in our system, but it is the local commercial need that cannot be abrogated and ought not to be weakened.

A Central Government Bank or a Central Independent Bank?

When the central bank is in operation will it be possible for the country bank to approach it direct and receive that modicum of strength which is its due? And if the central bank is close to the government and does not depend on commercial demand, but upon governmental permission, is it possible that this individual country bank shall be so cared for? Modest and unassuming, manned by men who give their lives to their domestic local duties, men who are the bone and sinew of the country, the officers, directors, and stockholders, of the common country bank ought to have a voice in the form and extent of this new institution, the only excuse for which is that it will be a help to the whole system and thus to all the people.

On the one hand, if the government holds the reins of power, then it will be permission only that will allow it to exert its credit-making force. But if it is to be independent of the government, and act because there is automatic demand for issue and retirement, then it will be possible to give the country bank an equal show with the city bank.

Summing Up.

For these reasons it appears that the country bank faces an uncertain future. As it stands today, it is framed and forced to act in behalf of that commerce which is based alone on the soil and toil that is contingent to it. And it is here that the power of the banking of the country, the power of the credit of the people, begins. Men borrow to carry on their individual enterprises before they project great movements of commerce. And until the local want is supplied there can be no safety in the larger community or commercial want.

In the rapid development of the great West we see the institutions that thread the local district with the power of the city, supported by the city bank, while at the same time the wants and needs of the local business men are supplied largely out of the local supply of credit-power in the country bank.

Yet the country bank is sustained in part by the loans of the city bank, while the latter grows stronger through the deposits of its country brother. There is mutuality all along the way in the commercial and financial relations that are based on the natural wants of mankind. And for this reason any venture by the government must be looked upon with distrust by the weaker members of this great natural banking system we have naturally developed.

It is the duty of the city bank and banker, being nearer perhaps to the financial mind of the country, to protect the country bank in the present crisis in its history. And unless it may do so there will be discord. There is a tributary relation, a mutual need, between these two integers; and if the lesser shall be made, by any government legerdemain, an unnatural dependent of the greater, even the greater will lose much of its power and standing thereby.

IS NOW THE TIME TO BUY BONDS?

By John Terret.

FOR the decline which has taken place in the price of good bonds five great reasons are responsible—fear of trouble in the money market; rise in the cost of the necessities of life; fear of what the Supreme Court may decide in the "trust" suits and of the anti-corporation legislation which Congress may enact; cessation of foreign buying of American bonds; overproduction of new securities. There has been a decline, and these are the main reasons why. Question as to whether this is the time to come into the market and buy depends on whether the full effect of these unfavorable influences has made itself felt or whether the influences are to remain operative for some time to come.

The Money Consideration.

To take them in the order in which they have been set down, it is well known to all those in touch with the bond market that a very great amount of selling of good bonds has been induced by fear of what may develop in the money market as a result of gold exports and other considerations. That the money market has not been more affected than it has is due solely to the small amount of public interest in the stock market and the fact that the demand for capital has been comperatively light. With gold exports proceeding at their present rate, it is plain enough that any real demand for banking accommodation would be certain to drive interest rates sharply upward.

Has this influence made itself fully felt or must it be reckoned with for some time to come? Unfortunately the latter is the case. On acount of the condition of our foreign trade, gold is bound to keep on going out for some time to come, the movement remaining a menace to the stability of money rates. There has been a good deal of selling of bonds on this account, and there is more to come.

High Prices.

The second consideration bearing on bond values is the rise in the cost of living and the curtailment of investment which has been caused thereby. People who used to be able to save and to buy a few good bonds with the money they were able to lay aside, find it difficult now, if not impossible. Then there is the question of the necessity for more income. High prices have brought it about that many an income which was sufficient ten years ago is not sufficient now. As a result the old safe four per cents. are taken out of the box and sold, and are replaced with bonds yielding a higher rate of income.

In recognition of which condition the market has been literally flooded with high-interest-bearing securities—irrigation bonds, timber bonds, power bonds, all kinds of bonds likely to attract the attention of the investor, who feels that he simply *must* get more income from his investment. Securities of this sort have found a ready market, but it has been at the expense of the old established issues.

Is this a temporary influence? Hardly. When the signs of a decline in commodity prices are to be seen it will be time to expect a change, but that time, unfortunately, seems to be still far away.

Adverse Legislation.

Unsettlement caused by fear of what the Supreme Court might decide in the case of the Standard Oil and the Tobacco companies has, too, been responsi-

ble for the selling of a large volume of securities. For months a decision against the corporations was generally expected, and in anticipation of resulting unsettlement of the markets, a good many individuals and institutions decided to turn their investments into ready cash.

With regard to the permanence of this influence, it may be said that by the determination on the part of the Supreme Court to re-hear the Standard Oil and American Tobacco cases, the selling of bonds will be at least postponed. With the earliest possible decision in those cases at least a year away, it is not likely that there is going to be any considerable liquidation of bonds in anticipation of an unfavorable verdict. At the same time the whole matter is left open and sooner or later is bound to become, again, an unfavorable and unsettling influence.

Cessation of Foreign Buying.

For the way in which the foreign buying of our bonds petered out late in March, the disturbed condition of the foreign markets is a quite sufficient explanation. On account of the makeshift financing in London necessary as a result of the "budget" rejection, and on account of the wild speculation in rubber shares, a condition of things developed abroad which put a quick end to purchases of American bonds. We were relying upon foreign participation to help us out with our new issues, and when the foreigners stopped buying were left in an awkward position.

Will the foreign buying of our securities be resumed? That remains to be seen. At the moment things look a little brighter abroad, but it will probably be a long time before there is any large fund of European capital available for investment in our new bonds.

Overproduction of Securities.

Lastly there is to be considered the influence of the overproduction of new bonds which took place early this year. Have these bonds been absorbed—placed with bona fide investors? Probably not, to any very great extent. Is the movement over? Have the corporations borrowed the money they need, or will they come crowding back into the money market at the first available opportunity?

Unfortunately there is every indication that the corporations will again issue bonds in large amounts at the first available opportunity. Overproduction of bonds hurt prices seriously before, but the chance is that the market will be kept filled with all the bonds it can take—possibly with more.

THE BANKS AND SPECULATION.

By Frederic Drew Bond.

In the following article Mr. Bond makes the claim that if the value of stocks instead of the price of stocks were made the basis of bank loans, present financial conditions would be greatly improved. Mr. Bond's suggestion is without doubt subject to objections, but seems to us to throw an interesting side-light on a vexed question.—[Ed.]

It is a well known fact that the bulk of the trading on the stock exchanges is for what is known as marginal account. That such speculative operations are possible only through loans made by banks to brokers on the security of their customers' shares as collateral is responsible for the popular impression that this diverts banking funds into speculative channels when, it is said, they should be flowing to help the development of commerce. Also, that over-speculation with resultant inflation in prices and sharp declines is directly due to this diversion of funds from legitimate commercial employment.

When the relations between banks and exchanges are more closely examined, the matter, however, does not appear to be quite so simple. The crux of the situation seems to lie, not in the fact that speculative loans are made on shares as collateral, but in the fact that such loans differ in certain essential ways from loans made either on commercial paper or on real estate. What these peculiarities are which distinguish a bank's loans on stocks from those on other sorts of security will, therefore, be well to consider.

Discount of Commercial Paper.

A proper discount by a banking institution is regarded, it is needless to say, as one based on "paper" arising from a sale of commodities for which the purchaser has given his note and which the bank discounts for the seller. Money lent by a bank in cases where no goods have changed hands and where no security at all is pledged depends simply on the integrity and responsibility of the maker or endorser.

In the case of an ordinary commercial discount, the bank lends up to the face of the note, less the discount, because the former sum is the amount agreed on between maker and endorser as the selling price of the goods. Once the money is so lent, the bank can do nothing further, even if the maker and endorser becomes insolvent, till the note matures.

In the case of a loan on real estate, once the mortgage is made, the transaction is, also, final till the principal becomes due. That the loan may have

been made on property which has begun to depreciate in value does not permit the bank to interfere with the borrower and demand new security. Thus, commercial discounts and loans on real estate, while differing in various particulars, agree in this point, that both, once made, are final till the debt matures at the time agreed on.

Loans on Stock Collateral.

But in the case of a loan on stock exchange collateral these conditions are almost conversed. First, a bank lending on stocks on call may demand the return of its principal at any time, and if lending either on time or on call may require the deposit of additional security if it deems that the original collateral has lessened in value since the loan was made. Secondly, bank loans on stock collateral are based neither on a valuation made by the customer nor on an appraisement by the bank itself, but on stock exchange quotations for the particular stocks loaned upon, on the day when the loan is made. Most of these loans are, of course, for stock brokers; in which case, of the twenty points margin required by the bank, usually ten points are supplied to the broker by the customer as margin, and the other ten supplied by the broker himself. If prices on the exchange fall to any extent, the bank will demand more security for the loan. In case such additional security is not promptly forthcoming the loan is "called," the stock pledged is sold on the exchange, and what is left over and above the amount of the loan is turned over to the borrower.

Objections to Present Methods.

If exchange quotations reflected with accuracy the value of the properties whose shares are listed, there would be nothing to object to in this method which, unquestionably, greatly safeguards the bank. But the fact is different. It is true that the demand of investors, who buy outright, tends to hold quotations at prices such that stocks, taking into account their security, may return about current rates of interest. But such demand is so small that, except in the case of very high-grade stocks, the prices of shares on the exchanges, from day to day, and because of speculative activity, move through a wide range of price. Good securities ordinarily pass through speculative hands on their way to investors, and it is hard to see any other way, under current financial conditions, in which they can be effectively and quickly distributed, nevertheless, the fact that stock exchange prices are so largely dependent on speculative activity causes such prices to bear but a general relation to the value of securities. They may, indeed, coincide in value, but they are also liable at any particular time to differ greatly, the range of quotations depending in the long run on the rather wide limits imposed by the rate of interest, within which limits they are truly arbitrary. Thus, a good five per cent. dividend-paying railroad stock is expected to fluctuate in normal business times between, say, about 85 and 115, but this range of $30 a share is none too wide in regard to the extremes of price to which it may swing without any change of moment in its investment value.

Again, stock prices are usually "anterior," to business variations. Stocks go up before the coming of commercial prosperity and go down before the arrival of commercial depression. But this "discount" of the future by the

stock market, as it is popularly called, is not unseldom fallacious. Thus, for instance, during 1903, the expected depression in commerce did not take place, though the banks refused to lend at the terms previously prevailing, simply because of the fall of stock prices on the exchanges. In such instances stock exchange quotations may vary much more than $30 a share on good stocks from their value as measured by the usual standard income yield and its likelihood of continuance. Indeed, it is on the well-known divergence, at most times, between stock values and stock prices, that the most conservative method of speculation is based, that, namely, which advises the purchase of a stock at a figure which careful appraisement shows to be below the investment value, with the practical certainty that the quotation will, sooner or later, touch or overpass this value.

Thus, it is on these varying prices on the stock exchanges, dependent on the flow and ebb of speculative activity, that the banks rely in making stock collateral loans, instead of lending on the basis of the value of the stock as generally accepted or as estimated by their own appraisers on the plant, earning, probable future, etc., of the company. It is on the bona fide investor that the brunt of this method especially falls. Having bought securities outright, he has borrowed on them at a bank, say, to within twenty or thirty points of their fair valuation. But while the company in whose shares he has invested may be steadily appreciating in wealth, a flurry, maybe, due to adventitious causes, such as political agitation, has disturbed the stock market and prices in a few days have fallen largely. Suddenly, as a result of this decline, without any connection whatever, be it remembered, with the business standing of the company, the bank calls on him for more collateral under threat of at once selling out his stock at the arbitrary prices which happen to prevail on the exchange that day.

Again, the dependence of the amount of a bank loan on current stock exchange quotations has at times caused banking institutions, lacking in conservatism, to take advantage of this fact to give undue credit to stock when first issued and before its listing on the stock markets. As long as a banking institution can at once extricate itself from any ill results of such over-liberal lending by throwing the stock on the market for sale or by insisting on the deposit of more security at any time, it is likely to be tempted to make such loans when interested in the promotion of a security at its outset. Furthermore, it is hardly necessary to recall instances when very severe declines in the stock market have been precipitated by the calling of loans for reasons lacking justification.

It may, no doubt, be said, that without the provision in their loan agreements enabling them to demand additional security when they see fit to do so, banks would not infrequently find themselves tied up with over-valued shares on which, maybe, they could never recover their advances; also, that the chief reason for the provision is to enable them at any time to recover the sum lent the borrower or else exact more security. *But there is no good reason at all why a bank should lend on*

a higher basis than what it believes to be the true valuation of the security offered; let the loan be made with the same care as one on real estate where it has to remain final till maturity.

Stock Values and Not Stock Prices Should be Made the Basis of Loans.

A good way to determine if it be really essential to the safety of banking institutions that they rely on stock exchange prices in making loans is to imagine the case where they would not do so and see what the result would be. Let us, then, suppose that banks made their time loans final, so that they could exact no more collateral than originally pledged, such loans being made on the basis of a conservative appraisement. In the case of call loans, the banks could still make and terminate them when they wished; but these loans, also, would be made on the same appraised basis as the time loans.

Under such conditions, in the case of an advancing stock market, loans on good collateral would be made on about the same basis as when prices are neither unduly inflated nor unduly depressed. On securities of lesser worth, the "cats and dogs," the loans made would represent strictly the business status of the company whose stock was in question. The spectacle, now so frequent, of shares of stock worth a few dollars apiece being run up by speculative coteries to several times that amount on the exchanges through the employment of funds obtained by means of constantly growing loans following each rise in exchange quotation—would simply be non-existent. Manipulation of stocks beyond their real values could be carried out with assurance of success only when [illegible] by the promo[illegible] inflation of stocks in general would be retarded, as brokers, being obliged to carry, themselves, the increasingly larger sums denoted by the difference between the buying price of the shares and the combined margin of customers and what the banks would lend, would force increased margin from customers rather than bear this continually rising risk. The net result of the situation would be, that as quotations on the stock exchanges advanced above legitimate values, speculators would be necessarily compelled by brokers to put up larger and larger margins to effect a purchase of the same quantity of the same stock.

On the other hand, let us imagine a fall in prices, caused, say, by acute fears of disturbing legislation or by over-issues of securities of new corporations. What, again, would be the result? Time loans being undisturbed save at maturity and then only in the case of a real depreciation of a company's business status, the fall would not be hastened by enforced liquidation on the part of genuine investors due to the pressure from banks. Prices would be held nearer investment values as well as enhanced in stability, whether high or low; the extent of the market swing between upper and lower quotations for the same stock would be lessened, and prices would approach nearer the central point as determined by the real security of the stock and its income yield.

While it is needless to say how such conditions would benefit the bona fide investor, it may, however, be objected that the suggestion, here made, is a step in the direction of abolishing marginal trading; and that however such trading may at times redound to the loss of individual speculators, it is essential

to the efficient distribution of securities. But the step proposed has no such tendency; it would limit neither bull nor bear commitments *under reasonable circumstances*. What it would do, would be to cause banks to take less risk, the broker to demand more margin than now customary when the market is inflated, while speculators would have the strongest kind of reason forced on them to proceed cautiously when taking unwise risks.

THE BUSINESS MAN'S SURPLUS.

III.—BONDS vs. REAL ESTATE MORTGAGES.

By Carlton C. Peters.

"YOUR balance with us, Mr. Jones, now amounts to nearly $7,000," said the cashier of the Fidelity Title & Trust Co., as Mr. Jones came in one morning to make his regular monthly deposit of $100. "It seems to me that you ought to be getting more interest on your money. Why don't you let me sell you one of these four and one-half per cent. guaranteed real estate mortgages that we're placing so largely with investors. They're the very best form of investment on the market."

"I have been thinking seriously of investing some of the money I have on deposit with you," replied Mr. Jones; "but I'm not quite satisfied as to what the best form of investment is. Without knowing much about it, I've always had a sort of an idea that railroad bonds are the best s[illegible]hich to put money, and w[illegible] the balance I'm carryi[illegible]uess I'll put it into r[illegible]

"You [illegible]be particularly sure in r[illegible] to the relative [illegible]nd real estate mortgages," was the cashier's rejoinder; "why don't you look into the matter a little more carefully and line up the pros and cons in your mind? I tell you what," he added, "Mr. Street, of the bond firm of Street & Banks, is coming in here to see me to-morrow morning at ten; he's a great advocate of the plan of investing money in bonds rather than in real estate mortgages. Drop in here if you can and we three will go over the matter together."

"Very kind of you, Mr. Reale," replied Jones. "I'd like to hear the thing discussed from different viewpoints by two well-informed men, and shall be on hand."

Promptly at ten the next morning Mr. Jones was ushered into Mr. Reale's office at the Title Company, and a few minutes afterward Mr. Street, the Wall Street bond dealer, came in.

"Good morning, Street," said Mr. Reale, rising to meet his visitor, "this is my friend Mr. Jones. He's thinking of investing some money and doesn't

know whether to put it into bonds or to buy one of my mortgages."

"Shouldn't think there'd be much doubt about that," replied Street. "Real estate mortgages are all right, but railroad bonds are better. That's my way of looking at it."

"Don't you think it makes a difference about a man's circumstances?" put in Mr. Jones. "I should think that the way a man is fixed financially might have a bearing on the relative merits of the two kinds of investment for his savings."

"It does have a bearing—an important one in some cases," said the cashier. "Fixed as you are, though, with a good, steady income, what counts is rather the advantages the one kind of investment has to offer over the other. Now, in the case of real estate mortgages"——

"Hold on, there," exclaimed Mr. Street; "while you've been talking I've been jotting down the main points in favor of bonds as against mortgages. Let me give them to you first."

"Very well," replied the cashier, "go ahead and let us hear what they are."

Advantages of Railroad Bonds.

"Well," began Mr. Street, "the first great point in favor of bonds is their ready marketability. You can always sell a good bond, and you can always borrow money on it—very nearly the full amount of its face value. You walk into your bank and say you want to make a loan, offering Union Pacific or Atchison bonds as security. Every bank officer in the country knows exactly the value of what you're offering. And he knows, too, that if he lends you money on the bonds, he has a kind of collateral on which, in case of necessity, the bank can realize at once. Banks like to loan on bonds and give the man who wants to borrow on them the very best terms and the lowest rates."

"Very true," remarked Mr. Reale, "and a very important consideration to a Wall Street man. But Mr. Jones here isn't extremely likely to want to raise money on his investment after he has put his money into it. You wouldn't be very likely, would you, Mr. Jones, to want to borrow on the security you're going to buy?"

"I haven't any idea of borrowing *now,*" returned the prospective investor, "and still you never can tell what may happen. I *might* come to a point where I wanted money, and wanted it in a hurry. Then, the fact that I could easily borrow on my bonds might mean a good deal to me."

"You could borrow on a mortgage, too, you know," Mr. Reale said.

"But not with the same ease or on the same terms as on good railroad bonds," Mr. Street broke in; "you know that, Reale."

"I don't know it," returned Mr. Reale; "but let it go at that—what's your next point?"

"My next point is that a wise man whose money goes into railroad bonds has a chance not only to get interest on his money but to increase his capital as well. Mr. Jones here buys one of your mortgages; he gets his four and one-half per cent., and that's all he gets. Mr. Smith or Mr. Williams, who invest their money judiciously in some good bond, have a chance not only at the four and one-half per cent. income, but if they show sense in the bonds they buy, have a perfectly legitimate chance to make five or ten points in the principal during the course of a few years."

"*If* they show good sense," returned Mr. Reale. "But how is the average investor going to be able to size up the value of a bond? Along with the chance

that the bonds will go up in price, doesn't he stand a chance of losing if they go down?"

"Certainly," replied the Wall Street man; "but you wouldn't keep from buying a house or anything else, would you, because there was a chance the price might fluctuate?"

"Let me say something," said Mr. Jones. "As Mr. Reale remarks, I'm not an expert on bond values, but will you please tell me what there is to prevent me from going to someone who is, and letting him pick out a good bond for me to buy? As I understand it, there are a number of good bond houses down in Wall Street who have experts just for the purpose of making suggestions to such people as I am, and who are often able to point out opportunities where a good income can be had along with a chance of making money on the principal."

"Oh, of course, if you want to speculate"—Mr. Reale cried, with emphasis on the word.

"No, not speculate," retorted Mr. Street, "invest wisely, judiciously. What is the sense of a man having a mind and a reasoning power of his own unless he puts it to some practical use? You know, Reale, as well as I do, that there are, constantly, chances for the well-informed man to pick up cheap bonds. New enterprises, old enterprises that want to raise more money—you know how it is, there are always good bonds offering in the market below their intrinsic value. Why not use your own good sense and the sense of some good bond man and take advantage of such opportunities?

"Any way you look at it, buying things for a rise in price is speculation," Mr. Reale replied. "It may be mild speculation and more or less justified, but it's speculation and nothing else—any way you put it."

"Don't let's haggle about what's investment and what's speculation," said Mr. Jones. "What's your third point in favor of bonds, Mr. Street."

"The impersonal element about them," replied the gentleman addressed. "You buy a railroad first mortgage bond and what you're really getting is a fraction of the whole mortgage—but just as good as the whole thing. The interest comes due, you cut your coupon, send it around to the bank, get your money. It's there waiting for you. You don't have to wait for a check from the man whose mortgage you hold; you don't have to dun him and send collectors after him, and then, when he can't pay, sell his house over his head and throw him out into the street."

"What a touching picture," exclaimed Mr. Reale, with mock concern; "and so that's what the buyers of our guaranteed mortgages on these million-dollar office buildings have to do! It's really too bad."

"Not quite as bad as that, I'll admit," replied Street, half apologetically; "but really, now, you must admit that it's pleasanter to be the creditor of a big, wealthy corporation, one of these railroads, for instance, than to be the

creditor of some unknown individual who may or may not be able to pay you what he owes."

"That's a point well taken," said Mr. Jones. "I knew a man once who neglected to see that the fire insurance on a house on which he held a mortgage was properly renewed. The house burned up, and he never collected a cent of his mortgage. But now let's hear what Mr. Reale has to say."

ADVANTAGES OF MORTGAGES.

"As for the personal element you allude to," began the Title Co. official, "that doesn't figure at all in the case of these guaranteed mortgages. We guarantee you, and we stand between you and the party on whose property the mortgage is made, and see to all details —such, for instance, as the maintenance of a proper amount of fire insurance."

"Oh," said Mr. Jones, "that's different."

"Yes, it *is* different," replied Reale. "And here's my second point: The interest on mortgages is adjustable. With a railroad bond the rate is fixed in the beginning and stays fixed. With a mortgage it changes with the money market. Most mortgages are renewed a number of times. And each time they are renewed the interest rate can be adjusted according to the money market conditions prevailing at the time."

"Sort of speculative, then, as to the interest rate, isn't it?" said Street, who had been waiting for his chance.

"No," replied Reale, "not speculative, because the rate almost never goes under four and one-half per cent., and if there *is* any change, it simply means that the holder of the mortgage gets even more than that out of it.

"My last point is this: You say that you'd rather be the creditor of some big railroad out west than of the owner of property right here in the city. I wouldn't. What do I know about the affairs of some railroad two thousand miles from here, whose juggled reports are the only thing I have to go by? But when I know that my mortgage is secured on this man's house or that man's factory, I know what I've got in the way of security. I can keep track of it. I can go and look at it, and *know* about it. That's all I've got to say."

Mr. Jones walked out of the Title Company's offices revolving in his mind the statement of both sides of the case he had heard. That night as he lay in bed the matter shaped itself up in his mind about as follows: Both real estate mortgages and railroad bonds are good kinds of investment, but taking it all in all, railroad bonds offer the greater advantages.

To his own knowledge of conditions and business sense a man can add the advice of a trained bond expert. Protected by that combination, he can without fear of loss make his selection from among the many investment opportunities offered. Hs owes it to himself to do it.

CONVERSION OF THE JAPANESE DEBT.

THE Japanese Government, by the conversion of 100,000,000 yen of its internal five per cent. bonds into bonds bearing four per cent., the operation of which in the United States is being handled by the Yokohama Specie Bank, is setting an example which might well be followed by some of our western financiers. Instead of falling in with the present craze for increasing armaments at the cost of vastly augmenting the

national debt, as so many European powers are doing, Japan is steadily curtailing expenditures for unproductive purposes and keeping taxes up to a point allowing of the continuous scaling down of the public debt.

In the increasing popularity of its national securities, the wisdom of this policy is finding quick reflection. In all the world's great markets, Japanese bonds are in high favor; in London and Paris especially, they are making formidable competition to the national securities of the great European powers. The buyer of British consols or of German Imperials thus knows perfectly well that he must face the probability of constantly recurring fresh issues—the buyer of Japanese bonds, on the contrary, can count upon the benefit to his investment arising from Japan's distinct policy of scaling down and not increasing her national debt. That is one reason why all the Japanese issues are so popular and why the favor with which they are regarded seems constantly on the increase.

FOREIGN SENTIMENT ON THE HILL STOCKS.

ANNOUNCEMENT of a quiet little sale in London of $10,000,000 of new Great Northern bonds would not seem to indicate that Mr. Hill's grasp on the purse-strings of the foreign investor has been loosened, and yet signs are not wanting that a good deal of English money has lately been transferred from the Hill into the Harriman securities.

Ever since the assumption of Sir Ernest Cassel of the rôle of chief financial adviser to the British Court, there has been a tendency on the part of foreign capital toward the Harriman securities. It is not, apparently, that the British aristocracy love Hill the less but that they love the Harriman representative (Sir Ernest Cassel) more. A close friend of one of the leaders of the Harriman financial party, Sir Ernest has been able pretty effectually to present the claims of the Harriman securities for consideration.

That the completion of the new St. Paul Extension has weakened Mr. Hill's position in the eyes of the foreigners, who, by the way, take a long range view of these matters, is very certain. Mr. Hill, it is true, has been able to sell his new Great Northern bonds in London without difficulty, but then a bond of that class secured on a property of Great Northern's demonstrated earning power ought to be easy to sell—Mr. Hill chose to put them out in London but they could just as well have been sold here.

The real test will come when Mr. Hill next has stocks to sell and goes into the foreign markets with them.

"SPONSORSHIP."

IT is a long time since there have been offered to the public as many irrigation bonds, timber bonds, coal bonds, and other "specialties," as at present. The newspapers and periodicals are being freely used to advertise them. It is hardly possible to pick up a magazine without coming across the announcement of some new issue.

Many of these new bonds have great merit—are amply secured and yield a high rate of income. But among the wheat there is also a good deal of chaff. Many of the new issues of "specialties" are being put out for one purpose only—to sell.

How is the investor to tell the good from the bad, the bonds which represent legitimate enterprises from the

bonds issued merely for the sake of working them off on investors? Principally by the houses offering them—an investor here and there may know enough to judge the bonds on their own merits, but in ninety-nine cases out of a hundred it is the integrity of the firm with which he is dealing which is the chief, the only safeguard.

Union Pacific stock bought through some doubtful little concern on New Street is just as good as Union Pacific stock bought through Kuhn, Loeb & Co.—once it is delivered. But what is true of a standard security like Union Pacific stock is not true of these "specialties." Anyone is in a position to find out all about Union Pacific, what its earnings and prospects are. But how about the XYZ Irrigation Company? Through whom can the facts with regard to that property be ascertained except through the house which is offering the bonds?

From which it is immediately apparent how important it is that before the investor decides to purchase any of these "specialties," he should post himself thoroughly as to the standing of the firm offering them. That is his one great safeguard. If he neglects to do it and gets into trouble, he has only himself to blame.

Using Commonsense.

A further important point where the question is of investment of this kind, (and this is particularly true where the investor is not sure of the character of his banker) is that the intending purchaser apply to his purchase those same rules of business commonsense which he would apply to the purchase of anything else. It is really amazing how business men who would be exceedingly hard to deceive in an ordinary business transaction will allow themselves to be taken in when the question is of the purchase of securities. And yet it is just here that the greatest amount of business acumen is necessary. Anv first-class promoter can get up a circular or prospectus on any kind of a security which will satisfy the unsuspecting—but not the scrutiny of the man who wants to be shown.

THE RISE OF A GREAT SYSTEM.

FORGING THE LINKS IN THE GREAT CHAIN OF "HAWLEY" ROADS.

By Keith Crandall.

THE sound of the blows with which Edwin Hawley is moulding together his great chain of railways is ringing constantly in the air. Continuously, the lines in his new system are being harmonized, drawn together and made to supplant each other's needs.

With the right sort of backing, which he had, it was not difficult for Mr. Hawley last year to gather in the railroads which now make up his great system. Early last year came the acquisition of the Chesapeake and Ohio. After that, came the announcement that the Missouri, Kansas and Texas had been added. Later on, through the divorce of the St. Louis & San Francisco from the Rock Island, Mr. Hawley was enabled to get hold of the former property, adding it to his growing chain of roads.

These properties, in connection with the others already under control of the Hawley interests, constitute a vast system, disjointed, however, and with the separate parts not aiding or complementing each other. It was as though the system which this new "Colossus of Roads" was planning had been roughly plotted out with the bold strokes of the impressionist's brush, the working out of the details being left to a more favorable time.

The period of acquisition of main lines is, for the time being, over. Edwin Hawley has the Chesapeake running from Norfolk, Va., inland, to Cincinnati (at which point it will shortly

be connected with Chicago), and he has the Chicago & Alton and the Missouri, Kansas & Texas, which together form a splendid through-line from Chicago down to the Gulf of Mexico. All the Hawley energy is now being bent toward the welding together of these properties into one great homogenous system. To that end, the Hocking Valley Railroad, connecting the western end of the Chesapeake with Toledo on the Great Lakes, has just been acquired, and arrangements completed for the purchase of the Chicago, Cincinnati and Louisville, the road which is to be made the connecting link for the Hawley system between Cincinnati and Chicago.

The Connection With Chicago.

To students of the railroad situation, the importance of the acquisition of these last properties is at once apparent. Through it, the Chesapeake and Ohio, the backbone of the system, is converted from a humble "coaler" running up into the Ohio coal fields into one of the finest through-systems connecting Chicago with the Atlantic seaboard. Great plans for through-traffic were in Mr. Hawley's mind at the time of the acquisition of the Chesapeake. A road in splendid physical condition, it was realized by Mr. Hawley that the Chesapeake, by securing the proper connections with Chicago, could be made a line able to compete on terms of equality with such roads even as the Pennsylvania and the New York Central.

For it will not alone be upon through-traffic from Chicago to the Atlantic coast that the new Chesapeake & Ohio will depend. With the Alton and the "Katy" supplying a tremendous tonnage from South and Southwestern points, Chicago and St. Louis, so far as the Hawley system is concerned, will be like mouths of a funnel into which a great amount of eastward-bound business will be poured. Both the Alton and the "Katy" are roads of very great possibilities, capable of great development, as has already been shown by the progress they have made under their present management.

Chesapeake As a Through-Line.

With these Western feeders providing a great amount of traffic at Chicago and at St. Louis, the Chesapeake, as has been said, will be in a position easily to compete with any of the big through-lines for eastward-bound traffic. As will be seen from a glance at the map, the distance from Chicago down to the middle Atlantic seaboard is considerably shorter than the distance from Chicago to New York, a fact which will carry great weight in determining shippers over which line their freight is to be routed. The Cheaspeake & Ohio, moreover, has been steadily pursuing the policy of putting back practically all earnings into the property, and has been brought to a state of high efficiency, in many respects surpassing its better-established rivals.

Development Expenditures.

That the man who by many is regarded as the logical successor of E. H. Harriman in the railroad world thoroughly believes in the future of the great through-system which he is developing at the present time, is proved by the vast expenditures of money he is making to make Newport News one of

the greatest seaports on the Atlantic coast. With a master-hand, Edwin Hawley has planned his new great through-system, and after the fashion of the late Mr. Harriman, is buttressing up what he does, as he goes along, by liberal development expenditures. As Mr. Hill has lately pointed out, terminal facilities are the all-important consideration in the successful handling of through-traffic for which there is much competition, and, in this important regard, Mr. Hawley does not propose that his system be in any way lacking. A great volume of traffic coming eastward over the Hawley roads, grain from the middle West and cotton from the Southwest, is not to reach the eastern terminus of the system only to find cramped accommodation and handling unsatisfactory to shippers. To make Newport News a port of adequate facilities will require millions, but Mr. Hawley has the millions at his command and proposes to spend them. It is to be noted that the genius of this railroad magnate is manifesting itself quite as much in his ability to ally himself with strong interests and to provide the capital necessary for the carrying out of his plans, as it is in the tactical arrangement of the properties with which he is concerned.

BONDS AS RESERVE FOR BUSINESS FIRMS.

NINETEEN hundred and seven was an object lesson in the desirability of having quick assets which will not soon be forgotten, and which has resulted in a good many business houses investing a part of their surplus in bonds. In recognition of this tendency a number of investment firms are making a strong bid for their business. Spencer, Trask & Co. express themselves as follows:

In order to afford a measure of protection against the adverse effect of unforeseen contingencies, there is a growing tendency among firms and business men to set aside some percentage of earnings as a Reserve Fund, and to invest the money in sound investment bonds.

While it is sometimes the first thought with business men that they might more profitably employ the money in their own business, it soon becomes recognized that a Reserve Fund invested in good bonds must prove to be a most valuable asset in times of business depression, when banks are inclined to curtail accommodations, no matter how good the general credit of the borrower may be.

Under such circumstances it is obvious that a firm or business man having a Reserve Fund made up of sound investment bonds is in a position to command the greatest degree of consideration from a bank, as no bank would care to risk losing a customer who in times of prosperity had adopted the conservative policy of creating a Reserve Fund comprising marketable collateral, which, in any event, could be converted quickly into cash, if the occasion demanded.

Moreover, under any curcumstances, the statement of a firm or business man showing assets of sound investment bonds is certain to create a highly favorable impression, both in banking and mercantile circles.

THROUGH TO THE COAST.

The New Western Pacific, the St. Paul Extension and Their Effect on Existing Traffic Conditions.

By Charles W. Williams.

NINETEEN hundred and nine saw the completion of two enormously important railroad projects—the St. Paul's extension to the Pacific Coast along the northern border of the country, and the Goulds' extension of their system westward from Salt Lake City to the Pacific. Both roads have now been in operation long enough to make it possible to get a fair idea of the realignment of transcontinental traffic which their creation is bound to bring about. This is a wealthy country and the surface has only been scratched in the development of its western and northwestern sections, but even at that it must not be lost sight of that into the transcontinental traffic situation there has been injected an element of competition for existing traffic, the effect of which on existing railroad systems it will pay the prudent investor to watch.

The St. Paul Extension.

Where, for instance, is the traffic to come from which will make the Puget Sound, as the St. Paul extension is known, a paying proposition? Approximately a hundred million dollars were put into the property and satisfactory earnings on that amount would be by no means an inconsiderable sum. Will the business necessary to produce the profits come into existence by reason of the very creation of the new line, or must the business be taken away from other roads now handling it?

Elaborate calculations as to the effect of the Puget Sound's operations on the revenues of Northern Pacific, the road which it parallels, seem to show that Northern Pacific's monthly gross earnings are showing far less satisfactory increases over last year than those of other transcontinentals both north and south of it, but in any such calculations so many outside factors intervene as to deprive them of much of their practical interest. Too little time has elapsed, in fact, and statements given out thus far are too meagre to allow of any exact calculations as to just what extent Puget Sound has been taking away business from Northern Pacific and Great Northern.

What is evident however, is that it is utterly impossible for a new road like the Puget Sound to have originated anything like the volume of traffic which its monthly reports show it to be doing.

Looking at the matter broadly, by far the greater part of these earnings have been at somebody else's expense. Nor

is it necessary to go very far afield to find at whose expense the business has been done. Northern Pacific, of course, has been the greatest sufferer—for hundreds of miles at a stretch the Puget Sound and the Northern Pacific run side by side so that it is possible to throw a stone from one track onto the other. Great Northern too, has suffered. Situated further north, the competition Puget Sound can make to it is less important than the competition it makes to Northern Pacific but is nevertheless no inconsiderable item. And lastly, Chicago, Burlington & Quincy must certainly have lost a good deal of traffic to the new road. At Billings and again at St. Paul the Burlington formerly exchanged large amounts of through traffic with Northern Pacific and Great Northern, much of which must now be going to the Puget Sound.

These are the facts of the case—what do they signify of the future of the roads with which the Puget Sound comes into competition? Is there business enough for all, and will earnings of the existing lines continue on the same large scale as formerly, or will the growth of the new system mean a lessened earning power for Northern Pacific and Great Northern?

Market action of the two latter securities would seem to indicate great doubts in investors' minds as to how earnings are going to keep up in the face of this new and effective competition. St. Paul, it must be remembered, is backed by the richest and most powerful group of capitalists in the United States—if there is going to be any fight for business, St. Paul is going to get its full share. As the country develops, traffic sufficient to provide satisfactory earnings for all three lines will in all probability develop too, but in the meantime it would be anything but surprising if there were to prevail a period when neither the Hill lines nor their new competitor were to show anything remarkable in the way of earnings. Eventually in all likelihood, the growth of the territory will mean business sufficient for everybody concerned, but if in the meantime the Hill roads and St. Paul go ahead with their regular dividends, they will be doing all that can be expected.

Western Pacific.

No competition such as the Puget Sound presents to the Hill roads results from the operation of the Western Pacific, the Goulds' Pacific extension which runs from Salt Lake City westward to the Coast. Paralleling the old Central Pacific (now part of Southern Pacific) the new Gould line does in a way come into direct competition with the Harriman system, but in by no means the same degree as in the case of the northern roads mentioned. Southern Pacific is bound to lose considerable westbound through business which from now on will be routed over the new Gould line but the loss of this business can hardly be such as to affect seriously Southern Pacific's income account. For of the Southern Pacific System, the Central Pacific, it must be noted, is only a part—a very important part, it is true, but, as it were, only a spur running inland from San Francisco.

In possible traffic realignment rather than in actual competition with existing roads lies the chief importance of the putting into operation of the new Western Pacific. Driven thereto by the arbitrary treatment of their westward bound through freight, the Gould interests in 1905 decided to build their own line through to the Pacific Coast. But since that time very great changes have taken place in the world of railroad finance, one of the most important being the practical cutting in half of the Gould system itself. The beginning of building operations on the Western Pacific saw the chain of Gould roads stretching almost from ocean to ocean with George Gould confident that his would be the first system actually connecting the Atlantic and the Pacific. The completion of the Western Pacific found the Gould system deprived entirely of its Eastern properties—Wabash, Wheeling & Lake Erie, etc.—the ocean to ocean project abandoned, and

George Gould wisely concentrating his efforts on keeping intact the west half of the system which bears his name.

Undertaken originally for the purpose of handling the Gould lines' own westbound business, the Western Pacific project now assumes, through the changes which have taken place, a rather different strategic aspect. Here is a line, wonderfully built, connecting Salt Lake with San Francisco, and in the possession of interests whose own westbound traffic could now hardly make the new line pay. Obviously the thing to expect is an alliance between the owners of the new road and other interests needing a Pacific Coast outlet.

Whatever may have been said recently regarding changes of control in the Rock Island, it is the Rock Island and no other which is the logical system with which the Gould interests would make their alliance. However the plan to invade the East and reach New York over their own tracks may be developing, the Rock Island people will hardly let pass such a chance to secure for themselves what would be virtually a Pacific Coast outlet for their now landlocked lines. Through an agreement with the Goulds, the Rock Island interests can accomplish what would later cost them a hundred million dollars spent for construction, to bring about.

Through such an arrangement the investment position of both the Gould and Rock Island securities should be greatly strengthened. Western Pacific with an inadequate amount of business being sent over it, and Western Pacific, the Coast outlet of all the westbound business of the great Rock Island System are two very different propositions. Unallied, Western Pacific can for years to come prove nothing but a drag upon the Goulds' Denver & Rio Grande, a drag which might easily draw the Denver down into bankruptcy. Allied with Rock Island, and moving westward Rock Island's millions of tons of westbound freight, Western Pacific instead of proving a drag upon its owner ought from the beginning to prove an exceedingly profitable investment. And that is why at almost any time this alliance between the Goulds and the Rock Island interests is likely to be announced.

BONDS HELD BY BANKS.

ABOUT three years ago the national banks of the country began adding to their holdings of bonds in a most striking manner. The Comptroller's first call in 1907 showed $659,524,827 held. The first call this year shows $845,957,768. High water mark was reached on Sept. 1, 1909, when the total was just a trifle short of 900 millions. Following are the amounts of "bonds, securities," etc., held by the country's national banks at various times during the past three years:

January 31, 1910,	$845,957,768
November 16, 1909	870,365,125
September 1, 1909	898,388,543
June 23, 1909	877,050,633
April 23, 1909	865,796,667
February 5, 1909	838,988,122
November 27, 1908	803,010,533
September 23, 1908	799,884,180
July 15, 1908	765,875,219
May 14, 1908	735,293,051
February 14, 1908	714,043,089
December 3, 1907	705,019,221
August 22, 1907	700,352,456
May 20, 1907	679,016,228
March 22, 1907	682,575,675
January 26, 1907	659,524,827

This item of "bonds, securities," etc., mostly represents bonds. A national bank is not allowed to make investments in stocks. It can, however, hold the same when taken in payment of a debt, but only for a stipulated time. Of the $898,388,542 bonds and securities reported by the banks on September 1, last, only $34,347,814 actually represented stocks. Railroad bonds constituted $342,525,224 of the total State, county and municipal bonds $155,811,290 and public service corporation bonds $151,999,513.

PRICES AND CAPITAL.

THERE have been a good many compilations published recently, whose real use is very different from what the compilers imagine it to be. Statements showing that the market value of various groups of securities has depreciated by so-and-so many millions or hundreds of millions of dollars deceive nobody into believing that such actual loss has taken place anywhere else but on paper. What such compilations are useful for, however, is in the estimates they make possible of the reduction of the demands upon banking capital.

For nowadays, when borrowed capital plays such an overwhelmingly important part in the markets, the market value of securities is of the utmost importance in determining how much bank money is needed to "carry" them. The average broker borrowing money from a bank on stock collateral, borrows all the bank will lend him—if the stocks go up in price the broker will either take some of them away and borrow elsewhere on them or will get the original bank to increase the size of the loan. So that an increase in the market valuation of securities means in itself a greater demand upon banking capital.

As stocks go down, the operation is, of course, exactly reversed. A bank is lending say, $100,000 on a lot of active stocks worth $120,000 at the market. A decline comes and the market value of the collateral shrinks to, say, $100,000. That means that either the broker has to put up more stocks to make good his margin at the bank, or that the amount of the loan must be reduced. It amounts to practically the same thing, the result in both cases being that a decline in the market value of securities means a lessening of the amount of banking capital needed to carry them. An elementary principle in itself, and known to every banking man, this easing of the strain on capital during times of falling markets is something which it will pay the wise investor to think over and take into account when timing his purchases.

WALL STREET AND THE REST OF THE COUNTRY.

By A. Franklin.

THE investor who has come into Wall Street after one of the periodical "breaks," and bought high grade dividend-paying stocks, which show him a profit on the purchase price and an income of six or seven per cent,. is apt to think of Wall Street as a place where a good shrewd fellow like himself can at times pick up excellent bargains. The steel manufacturer with a big business and a small capital who has been able to get a Wall Street house to float an issue of bonds for him, from the proceeds of which he has been able to greatly enlarge his plant, thinks of Wall Street as a place where a worthy manufacturer can secure the capital he needs to carry on a legitimate business. The outsider who has played the stock market on margin for any length of time is apt to feel toward Wall Street as a man feels whenever he passes a certain house on a certain street where he was once induced to join in "a small game" and later relieved of all valuables and cash about him.

These are about the three angles from which the rest of the country looks at

Wall Street. There *are* different viewpoints, of course—there is a tradition, for instance, that a man once made a fortune trading on margin, and stranger yet, kept it—but in a general way it can be said that the main points of contact between Wall Street and the rest of the country are pretty well summed up in the three instances given. Wall Street is either a place where profitable and legitimate investments can be made or it is a place where capital for legitimate business purposes can be borrowed, or it is a place where the old adage about the fool and his money is fulfilled in surprisingly short order.

As an Investment Mart.

At a time when Wall Street is under fire, on account of recent occurrences, it is well that the real reason for its existence should be plainly presented and emphasized. Disregarding for the time being the admitted abuse of facilities, which makes so much trouble, consider the importance of the institution known as Wall Street, to the millions of investors scattered throughout the country.

An intelligent individual out in Kalamazoo, for instance, has amassed the sum of several thousand dollars, and wants to put the money out at interest. What he really wants to do is to lend the money to the individual or corporation whom he considers safest and who will pay him the most interest for the use of the money. Where is he to find that person or corporation? In Kalamazoo or Oshkosh or Keokuk or wherever he happens to live? If the Pennsylvania Railroad or the Atchison Railroad decides that it could employ more capital advantageously, where does it make its bid, state the security it offers, state what rate of interest it is willing to pay? In Wall Street, and in no other place. Why? Because in every part of the United States it has come to be recognized that there has to be one central point where the borrower who wants to borrow can rely on meeting the lender who wants to lend. And Wall Street is that place. Just as in every community there is one central market where buyers and sellers of any given commodity rely on meeting one another, so in the United States there is one central market where the man with securities to sell knows he will come in contact with the man who wants to buy.

Furthermore, after he has bought, the existence of this central trading place makes it possible to ascertain quickly the exact money value of the security purchased. Mr. Smith of Oshkosh, let us say, has lent the Pennsylvania Railroad $1,000, by buying one of its bonds, due in fifty years. At the end of one year, Mr. Smith, for some reason, needs money, and decides to turn over the Pennsylvania's obligation to somebody else. Possibly Mr. Jones, his next door neighbor, will take the bond; more probably not. And even though among Mr. Smith's friends there should be one willing to buy the bond, it would probably be only at a substantial concession in price. The existence of a market like Wall Street, however, on which is focussed *all* the demand which exists in the country for any given security, enables Mr. Smith quickly to ascertain the best bid, and, if he so desires, to transfer his bond to some one else without delay or loss.

Such a description of what is one of Wall Street's true functions may sound elementary, but in these days of indiscriminate invective against the system as a whole cannot be too clearly set forth. There are in Wall Street hundreds of houses which discourage speculative operations of any kind, many of them absolutely refusing to carry out speculative transactions for customers. Such houses deal in investment securities and buy for cash only. They are not the biggest houses or the best known houses, but they constitute the only Wall Street which hundreds of thousands of investors all over the Union ever come in contact with.

As a Market for Capital.

Wall Street's second great function is as a market where the borrower and lender are brought together. Assume this time that an industrial company or

a railroad sees a chance to employ more capital profitably and decides to increase its capital by selling more stock or bonds. Where can those new securities be sold as advantageously as at some point where the whole demand of the whole country for new securities is concentrated? What chance, for instance, would a railroad like the Pennsylvania have of borrowing the $80,000,000 it is just borrowing, at the best terms, unless there existed some one point at which the whole demand for Pennsylvania's securities was directed?

For it must be borne in mind that Wall Street constitutes not only a place where the prospective borrower and the possible lender are brought together, but furnishes afterward a ready market in the securities which have been sold. Banks, nowadays, are large buyers of securities, but only of such securities as have a ready market—national banks as a matter of fact cannot loan on real estate. What bank would subscribe to a new issue of securities, however good and safe those securities might be, unless the bank felt that at any time the investment could again be readily disposed of? And how is such a result to be obtained without such an institution as Wall Street?

Almost invariably when a new issue of bonds is made the parties issuing them announce that they will be listed on this or that Stock Exchange—usually the big Exchange in New York. Without that provision, thousands of investors who believe in the bonds and who would be willing to buy them, would refuse to put their money into them, on the ground that there might be difficulty about converting the investment back into cash.

The Speculative Side.

As a result of the existence of the machinery necessary to carry out Wall Street's legitimate functions, there has arisen a parasitical speculative system which every year does an immense amount of harm. In order that Wall Street should be the nation's investment center and the point at which the borrower and lender are brought together, it is necessary to have an Exchange, wire systems, tickers, etc. All these are necessary and have their legitimate use. It is because of their abuse that they are at the present time being made the subject of such attack.

Trading in stocks on broad margins has its defenders—among them many men high in the investment world, but gambling on fluctuations is something which hardly anyone will undertake to defend. And yet it is this very gambling on narrow margins which constitutes the principal occupation and yields the principal revenue of many Wall Street houses. It is a perversion of functions which has crept in, and which having acquired enormous proportions, does a very great amount of harm to the legitimate Wall Street investment interests.

This is the Wall Street of the 5-point margin—of the put and call gamblers back on New Street and of the man who puts up $500, buys a hundred shares of stock, and then sits feverishly by the ticker waiting to see whether he will be wiped out or whether he will double his money. Deeply engrafted in the human heart is the hope of quick gain. And as long as there are people willing to gamble away their money there will be plenty of those willing to help them do it.

The more of that kind of thing, however, the more the legitimate functions of Wall Street are impaired. Investors throughout the country are not familiar enough with what is what in Wall Street to be discriminating. To them Wall Street is Wall Street and no distinctions, and the airing of such scandals as we have been having, a strong influence toward keeping away from it altogether. The powers that be on the New York Stock Exchange will do well to give that idea full consideration—it will be worth their while, for instance, to sit down and figure why such huge amounts of investment money are being taken out of the securities dealt in principally by gamblers on the Stock Exchange and put into real estate mortgages and such securities as these new non-listed timber, coal and irrigation bonds.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to April 20, approximate yield as figured May 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100⅝-101⅛	1.66
U. S. Gov., reg. 3s, 1918	102⅜-103⅛	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.95
Dist. of Columbia 3-65s	105 -106½	...
Alabama 4s, July, 1956	102 -105	3.77
Colorado 4s, '22 (op. '12)	96 -100	4.00
Connecticut 3½s, Apr., '30	100 -102	3.37
Georgia 4½s, July, 1915	104½-105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	102 -103¼	2.87
North Carolina 6s, Apr., '19	115 -116½	3.80
South Carolina 4½s, 1933	103½-104	4.22
Tenn. New Settlement 3s, '13	94½- 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	45 - 53	6.00
Boston 3½s, 1929	94½- 95½	3.85
New York City 4½s, 1957	108¼-108½	4.10
New York City 4½s, 1917	103 -103½	3.92
New York City 4s, 1959	99¼- 99¾	4.01
New York City 4s, 1955	99 - 99¼	4.03
New York City 3½s, 1954	87¾- 88¼	4.07
New York City 3½s, 1930	90 - 91½	4.12
New York City rev. 6s, 1910	101½-102¾	1.30
Philadelphia 4s, Jan., 1938	102 -103	3.83
St. Louis 4s, July, 1928	100¼-101	3.92

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98¾- 99⅛	4.90
Am. Cig. 4s, "B" Mar. 15, '12	97½- 97⅞	5.10
Am. Locomotive 5s, Oct., '10	100 -100¼	4.50
Bethlehem Steel 6s, Nov., '14	98 - 99¼	6.20
"Big Four" 5s, June, '11	100½-100⅞	4.30
B. R. & P. Equip. 4½s	99¼-100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96⅞- 97¼	5.05
Diamond Match 5s, July, '12	98½-100	5.00
Hudson Co. 6s, Oct., '11	99½-100	6.00
Interboro 6s, May, '11	102 -103	3.00
K. C. R. & L. 6s, Sept., '12	98 - 98¾	6.50
K. C. R. & L. 5s, May, '13	95⅞- 96¼	6.50
Maine Central 4s, Dec., '14	98 - 99	4.25
Minn. & St. Louis 5s, Feb., '11	99⅝-100	5.00
New. Orl. Term. 5s, Apr., '11	100 -101½	3.45
N.Y.C. Equip. 5s, Nov., '10	100¼-100⅜	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106⅛	4.15
N.Y.N.H.&H. 5s, Jan., '11	100¼-101	3.65
N.Y.N.H.&H. 5s, Jan., '12	101⅜-101½	3.93
Norf. & West. 5s, May, '10	100 -...	5.00
No. American 5s, May, '12	99½-100	5.00
St. L. & S. F. 4½s, Feb., '12	96¾- 97¼	6.00
St. L. & S. F. 5s, Apr., '13	98⅜-98¼	5.45
Southern Ry. 5s, Feb., 1913	98¼- 98¾	5.45
Tidewater 6s, June, '13	101¾-102	5.20
Westinghouse 6s, Aug., '10	100¼-100½	4.00
Wood Worsted 4½s, Mar., '11	99⅝-100	4.50
Western Tel. 5s, Feb., 1912	99⅜- 99⅝	5.20

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Ann Arbor, pref.	70	75
Arkansas, Oklahoma & Western	5	10
Atlanta & West Point	165	180
Atlantic Coast Line of Conn.	240	260
Buffalo & Susquehanna, pref.	10	12
Central New England	8	15
Central New England, pref.	20	28
Chicago, Indianapolis & Louisville	50	56
Chicago, Ind. & Louisville, pref.	63	68
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. O. & Tex. Pac.	118	125
Cincin., N. O. & Tex. Pac., pref.	103½	107
Cincinnati Northern	45	50
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref.	103	110
Delaware	47	49
Des Moines & Ft. Dodge, pref.	78	85
Detroit & Mackinac	48	..
Detroit & Mackinac, pref.	88	94
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	25	33
Georgia, South. & Flor., 1st pref.	95	98
Georgia, South. & Flor. 2d pref.	75	77
Huntington & Broad Top	..	8
Huntington & Broad Top, pref.	25	30
Kansas City, Mexico & Orient	21	24
Kansas City, Mex. & Orient, pref.	28	33
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref.	33	38
Maine Central	200	210
Maryland & Pennsylvania	15	22
Michigan Central	160	...
Mississippi Central	39	42
Northern Central	126	130½
Pitts., Cin., Chic. & St. L., pref.	100	112
Pittsburg & Lake Erie	250	350
Pittsburg, Shawmut & Northern	..	1
Pere Marquette	30	34
Pere Marquette, 1st pref	60	64
Pere Marquette, 2d pref.	41	48
St. Louis, Rocky Mt. & Pac., pref.	..	45
Seaboard Company	23	25
Seaboard 1st pref.	77	...
Seaboard, 2d pref.	42	46
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref.	60	70
Texas Central	40	45
Texas Central, pref.	75	85
Virginian	20	24
Vandalia	88	...
Williamsport & North Branch	1	3

GUARANTEED BONDS.

[Corrected to April 20.]

Quoted by White & Co., bankers, dealers in investment securities, 25 Pine St., New York.

RAILROADS.

	Bid.	Asked.
Ala. Midland 1st 5s, 1928	107	108½
Big Sandy Ry. Co. 1st 4s, 1944	87⅝	89½
Cent. Br. (Mo. Pac.) 1st 4s, 1919	..	94
Cent. Vt. Ry. 1st 4s, 1920	86	87
Chatt. & Gulf R. R. 1st 5s, 1930	..	...
Chic. & Erie R. R. 1st 5s, 1982	111	112½
Chic. Ind. South. R. R. 4s, 1956	..	94
Cleve. Term. & Val. 1st 4s, 1995	92	95
Dallas & Waco Ry. 1st 5s, 1940	104	107
Des M & Ft. Dodge 1st 4s, 1935	83	91⅛
Detroit & Tol. Line, 1st 4s, 1953	86	91⅛
Easton & Amboy 1st 5s, 1920	107¼	109¾
Elmira, Cort. & Nor. 1st 6s, 1914	102	...
El Paso & Rk. Island 1st 5s, 1951	102	107
Fla. West Shore Ry. 1st 5s, 1934	96	99
Ga., Caro. & Nor. 1st 5s, 1929	104½	106
Gila Val., Globe & N. 1st 5s, 1924	102	...
Ind., Dec & West'n 1st 5s, 1925	..	107
Kans. & Colo. Pac. 1st 6s, 1938	106½	108½
Keo. & Des Moines 1st 5s, 1923	100	...
Long Island 4s, 1949	..	97
Louis. & Jeff. B'dge Co. 1st 4s, 1945	..	93
Md., Del., Va. Ry. 5s, 1955	98	101
Miss. Cent. R. R. 1st 5s, 1949	94	96
Mo., Kan. & East. 1st 5s, 1942	111¼	113
Mo., K. & T. of Tex. 1st 5s, 1942	103⅝	104⅝
Northern Ohio Ry. 1st 5s, 1945	107	109½
Ogd. & Lk. Champ. 1st 4s, 1948	90	91
Ozark & Cherokee C. 1st 5s, 1913	97	98⅝
Pens. & Atl. Div. 1st 6s, 1921	110½	111
Peoria & Eastern 1st 4s, 1940	94	94½
Pitts., Shen. & L. Erie 1st 5s, 1940	..	114
Pitts., Shen. & L. Erie 1st 5s, 1940	113½	114¾
Pitts. S. & L. E. con. 1st 5s, 1943	111	114
Pitts., V., & Char. 1st 4s, 1943	98	100

	Bid.	Asked.
Rio Grande Junction 1st 5s, 1939..	104	106
San An. Aran. Pass. 1st 4s, 1943..	87	88
S. F., Pres. & Phoe. 1st 5s, 1942..	108	109½
Sham., Sun. & Lwsbg. 1st 5s, 1912	100	101
Sherm., Shrev. & So. 1st 5s, 1943.	102½	105
South Bound R. R. 1st 5s, 1941..	105	...
South. & Nor. Ala. R. R. 5s, 1936..	110	111
Southern Pac. R. R. 1st 4s, 1955.	94½	95
Terre Haute & Peo. 1st 5s, 1942..	109	111
Texas & Okla. R. R. 1st 5s, 1943..	104	106½
Toledo Term. R. R. 1st 4½s, 1957	94½	96
Vera Cruz & Pac. 1st 4½s, 1934..	92½	93
Western Pac. Ry. 1st 5s, 1933...	95½	96
Wtn. Ry. Co. of Ala. 1st 4⅝s, 1918.	99	101
Wilks. & East. R. R. 1st 5s, 1942..	100	103

MISCELLANEOUS.

	Bid.	Asked.
Birm. Term. Co. 1st 4s, 1957....	88	92
Boonville R. R. Bdg. Co. 1st 4s, 1951	..	...
Bry. & 7th Ave. 1st 5s, 1943.....	100	101½
Cin. Gas Trans. Co. 1st 5s, 1933..	95	97¼
Clairton Steel Co. Ser. 5s to 1913..	5%	4⅝%
Conn. Ry. & Lt. Co. 1st 4½s, 1951.	101½	102½
Dawson Ry. & Coal Co. 5s, 1951..	..	...
De Bard. Coal & Iron 1st 6s, 1910..	..	...
Ga. & Ala. Term. Co. 1st 5s, 1948..	102	103½
Ind. Nat. Gas & Oil 1st 5s, 1936..	..	90
Madison R. Power Co. 1st 5s, 1935	97	99½
M. City (Ind.) G. & L. 1st 5s, 1937.	92	96
Minn. St. Ry. & St. Paul City Ry. Co. 5s, 1928	105½	106½
Nassau Elc. R. R. 4s, 1951	75	78
New Or. Term. Co. 1st 4s, 1953..	80	86
O. & C. B. Ry. & B. Co. 1st 5s, 1928	..	...
Peoria Ry. Term. Co. 1st 4s, 1937..	86	...
Pitts. Coal Co. of Pa. 1st 5s, 1954..	100	108
Prov. Securities Co. 4s, 1957......	85	86¼
Puget Sound Pwr. Co. 1st 5s, 1933..	..	...
Syracuse (N. Y.) Gas 1st 5s, 1946..	101½	103
Trenton Gas & El. Co. 1st 5s, 1949.	104	105
Trenton, Pennington & Hopewell St. Ry. 1st 5s, 1943	95	...
Union Steel Co. 1st 5s, 1952......	104½	105
Washington Term. Co. 1st 4s, 1945.	100½	102
Wash. Term. Co. 1st 3½s, 1945..	87	93¼

GUARANTEED STOCKS.

[Corrected to April 20.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 5 Nassau St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)..	280	...
Allegheny & West'n (B. R. I. & P.).	140	150
Atlanta & Charlotte A. L. (So. R.R.).	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)......	99	103
Boston & Lowell (B. & M.)........	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.).....	227	...
Boston & Providence (Old Colony).	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)..	115	125
Cayuga & Susquehanna (D. L. & W.).	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)..	174	178
Cleveland & Pittsburg Betterment..	100	104
Columbus & Xenia (Pa. R. R.)......	200	206
Commercial Union (Com'l C. Co.)..	110	120
Com'l Union of Me. (Com'l C. Co.).	110	...
Concord & Montreal (B. & M.)....	170	...
Concord & Portsmouth (B. & M.)...	170	...
Conn. & Passumpsic (B. & L.)....	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)..	180	...
Delaware & Bound B. (Phila. & R.).	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)......	130	140
Eighth Av. St. R. R. (M. S. R. Co.).	280	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)......	235	245
Erie & Pittsburg (Penn. R. R.)......	150	160
Franklin Tel. Co. (West. Union)....	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	257
Gold & Stock Tel. Co. (W. U.)....	108	...
Grand River Valley (Mich. Cent.)...	120	130
Hereford Railway (Maine Central)..	85	95
Inter. Ocean Telegraph (W. U.)....	95	105
Illinois Cen. Leased Lines (Ill. Cen.).	99	102
Jackson, Lans. & Saginaw (M. C.)..	90	95
Joliet & Chicago (Chic. & Al.)....	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	79	81
K. C. St. L. & C. pfd. (Chic. & Al.).	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.).	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)..	170	...
Morris & Essex (Del. Lack. & W.)..	184	...
Nashville & Decatur (L. & N.).....	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.).	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)....	300	...
N. Y. L. & Western (D. L. & W.)....	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.).	140	190
North Carolina R. R. (So. Ry.).	162	167
North Pennsylvania (Phila. & R.)..	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)....	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.).	200	...
Ogden Mine R.R. (Cen. R.R .of N.J.).	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)..	220	230
Pacific & Atlantic Tel. (W. U.)....	65	75
Peoria & Bureau Val. (C. R. I. & P.).	185	195
Philadelphia & Trenton (Pa. R. R.)..	245	...
Pitts. B. & L. (P. L. E. & C. Co.)..	32	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.).	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)...	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	132
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)..	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.).	124	128
Saratoga & Schnectady (D. & H.)...	168	...
Second Av. St. R. R. (M. S. R. Co.)..	20	50
Southern Atlantic Tel. (W. U.)....	80	100
Sixth Av. R. R. (Met. S. R. Co.)....	110	130
Southwestern R. R. (Cent. of Ga.).	110	115
Troy & Greenbush (N. Y. Cent.)....	172	...
Twenty-third St. R. R. (M. S. R.)...	..	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.).	250	254
Valley of New York (Del. L. & W.)..	123	128
Ware R. R. (Boston & Albany)....	160	...
Warren R. R. (Del. Lack. & W.)....	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to April 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	61	68
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock..........	....	120	135
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s..1914	J&N	99	100½
Col & 9th Av 1st 5s...1993	M&S	95	100
Christopher & 10th St.......	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52

		Bid.	Asked.
42d St M & St N Av 6s.1910	M& S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	95	98
Second Av Ry stock.......	....	14	17
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	50	58
Sixth Av Ry stock........	....	120	135
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100½	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	70	85
Central Union Gas 5s..1927	J&J	100½	101½
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	100	101
N Y & E R Gas 1st 5s.1944	J&J	102	104
N. Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	97	100
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s.. 1950	J&D	103½	106
Brooklyn Ferry Gen 5s.1943	....	24	27½
Hoboken Fy 1st Mtg 5s.1946	M&N	105½	107
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	97	99
N Y & East River Fy......	Q M	34	39
10th & 23d St Ferry......	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	QJ	28	32
Union Ferry 1st 5s....1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to April 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F., com..	87	92
American Brake Shoe & F., pref..	125	130
American Brass	122	127
American Chicle, com.	224	230
American Chicle, pref.	102	105
American Coal Products	94½	96½
American Gas & Electric com......	45	49
American Gas & Electric pref....	43	46
Adams Express	265	300
American Express	285	295
American Light & Traction com...	287	291
American Light & Traction pref...	105	107
American District Tel. of N. J...	49	51
Babcock & Wilcox	100	103
Borden's Condensed Milk com....	116	118
Borden's Condensed Milk pref....	105	107
Bush Terminal	80	90
Conn. Ry. & Ltg. com............	76	79
Conn. Ry. & Ltg. pref.	80	84
Cripple Creek Central com.......	20	30
Cripple Creek Central pref.......	45	49
Del., Lack. & Western Coal.......	232	237
Du Pont Powder com.	136	140
Du Pont Powder pref.	86	90
E. W. Bliss com.	125	135
E. W. Bliss pref.	125	135
Empire Steel & Iron com.........	13	20
Empire Steel & Iron pref.........	72	77
Hudson & Manhattan com.	18	23
International Nickel com.	153	158
International Nickel pref.	89	94
International Silver com.	60	90
International Silver pref.	110	113
Int. Time Recording com.........	80	100
Int. Time Recording pref..........	98	102
Kings Co. E. L. & P.	117	122
Lackawanna Steel	47	52
Oil Fields of Mexico	95	105
Pacific Gas & Electric com.......	58	60
Pacific Gas & Electric pref......	86	89
Phelps, Dodge & Co.	225	250
Producers Oil	140	150
Royal Baking Powder com.	175	185
Royal Baking Powder pref.	107	110
Safety Car Heating & Lighting....	130	133
Sen Sen Chiclet	125	130
Singer Manufacturing	565	595
Standard Coupler com.	31½	35
Texas (Oil) Company	195	205
Texas & Pacific Coal	100	104
Tri-City Railway & Light com....	25	27
Tri-City Railway & Light pref....	92½	95
U. S. Express	121	127
U. S. Industrial Alcohol com......	17	22
U. S. Industrial Alcohol pref.......	86	88
Union Typewriter com.	59	64
Union Typewriter 1st pref.......	114	117
Union Typewriter 2d pref........	113	116
Virginian Railway	20	24
Wells Fargo Express	181½	183
Western Pacific	22	27
Worthington Pump pref.	108	111

ACTIVE BONDS.

[Corrected to April 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Foundries 4s, 1923...	72½	75½
Amer. Steel Foundries 6s, 1935...	102½	105
Balt. & Ohio, Southwest. Div. 4½s.	90¼	91½
Bethlehem Steel 5s	87	88
Chi., Burlington & Quincy Gen. 4s.	99¼	99⅞
Chi., Burl. & Quincy Ill. Div. 4s..	99⅞	100⅜
Chi., Burl. & Quincy Ill. Div. 3½s.	88¼	89
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s...	93⅞	94¼
Louis. & Nashville unified 4s.....	98½	99¼
Mason City & Ft. Dodge 4s.....	85¼	86⅜
Norfolk & West. Divisionals 4s...	92⅜	93⅛
Savannah, Florida & Western 6s..	124	130
Va. Carolin Chem. 1st 5s	98	99
Western Maryland 4s	85	86
Wheeling & Lake Erie cons. 4s....	85	86
Wis. Central, Superior & Duluth 4s	93¼	93⅝
Western Pacific 5s	96⅞	97⅜

COAL BONDS.

[Corrected to April 20.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	80	85
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum. Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952.......	95	100
Fairmount Coal 1st 5s, 1931......	94	96
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951....	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949...........	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947.........	95½	97½
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951...........	95	97½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954.......	105	107
Pleasant Val. Coal Co. 1st 5s, 1928.	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932....	85	89
Sunday Creek Co. Coll. Tr. 5s, 1944	63	67
Vandalia Coal 1st 6s, 1930........	100	...
Victor Fuel 1st 5s, 1953..........	85	87
Webster Coal & Coke 1st 5s, 1942..	90	94
West End Coll. 1st 5s, 1913......	95	...

POWER COMPANY BONDS.

[Corrected to April 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.)....	95	99
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com stk div)	74	76
Guanajuato Power & El. Co. Com.	24	27
Arizona Power Co., bonds 6%, due 1933	87	91
Arizona Power Co. pref.	44	50
Arizona Power Co. Com.	23	26
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	51	53
Western Power Co. Com.	31½	32½
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref. 6%....	75	...
Mobile Electric Co. Com.	17	23
Amer. Power & Lt. Co. Pref., 6%..	83	84
Amer. Power & Lt. Co. Com......	45	46½

FOREIGN & MUNICIPAL BONDS.

[Corrected to April 20.]

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	93	94
do 3s	84½	85½
Prussian Government 4s	101¾	102¾
Bavarian Government 4s	101½	102½
Hessian Govt. 3½s	91¾	92¾
Saxony Govt. 3s	83¾	84¾
Hamburg Govt. 3s	83	84

	Bid.	Asked.
City of Berlin 4s	101	102
City of Cologne 4s	100¼	101¼
City of Augsburg 4s	100½	101½
City of Munich 4s	100½	101½
City of Franfurt a-M. 3½s	93	94
City of Vienna 4s	96	97
Mexican Government Gold 5s	101½	102½
Russian Government Gold 4s	92½	93½
French Govt. Rente 3s	98½	99½
British Consols 2½s	80½	81½

EQUIPMENT BONDS.

[Corrected to April 14.]

Quoted by Blake & Reeves, dealers in investments securities, 34 Pine st., New York. Quotations are given in basis.

	Bid	Asked
Atl. Coast Line 4%, Mar., '17	4⅝	4⅜
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅜
Buff. & Susquehanna 5%, Aug., '17	6	5
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16.	5	4½
Central of N J 4%, Apr., '13	4½	4
Ches. & Ohio 4%, Oct., '16	4⅝	4⅜
Chic & Alton 4%, June, '16	5½	5
Chic & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5	4½
Del. & Hud. 4½%, July, '22	4¼	4⅛
Den. & Rio Grande 5%, Mar., '11	5⅛	4⅞
Erie 4%, Dec., '11	5⅛	4⅞
Erie 4%, June, '13	5⅛	4⅞
Erie 4%, Dec., '14	5¼	4⅞
Erie 4%, Dec., '15	5¼	4⅞
Erie 4%, June, '16	5⅛	4⅞
N Y Cent 5%, Nov., '11	4⅞	4⅛
N Y Cent 5%, Nov., '13	4⅝	4¼
No. West 4%, Mar., '17	4¼	4⅛
Pennsylvania 4%, Nov., '14	4⅝	4⅛
Seaboard Air Line 5%, June, '11	5	4½
Seaboard Air Line 5%, June, '16	5¼	4⅞

BANK AND TRUST COMPANY STOCKS.

[Corrected to April 22, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	180
Amer. Exchange Nat. Bk.	10	250	255
Audubon Bank	..	115	125
Bank of America	26	625	...
Bank of the Manhattan Co.	12	325	...
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	320	330
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	120	130
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bronx Bank	..	210	220
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	..	140	150
Century Bank	6	170	180
Chase National Bank	6	430	465
Chatham National Bank	16	325	340
Chelsea Exchange Bank	8	200	210
Chemical National Bank	16	445	455
Citizens Central Nat. Bk.	6	160	165
City Bank	..	400	410
Coal & Iron Nat. Bank	6	150	160
Colonial Bank	10	400	...
Columbia Bank	12	325	355
Commerce Bank	..	210	215
Corn Exchange Bank	16	320	330
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4300	4500
Fifth National Bank	12	300	350
First National Bank	32	900	920
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	195	200
Gallatin National Bank	12	...	...
Garfield National Bank	12	295	...
German-American Bank	6	140	145
German Exchange Bank	20	450	475
Germania Bank	20	550	575
Greenwich Bank	10	255	265
Hanover National Bank	16	635	650
Importers' & Traders Nat. Bank	24	560	575
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	160	170
Liberty National Bank	20	...	...
Lincoln National Bank	10	400	425
Manhattan Co.	..	330	345
Market & Fulton Nat. Bk.	12	255	265
Mechanics & Metals Nat. Bank	12	270	276
Mercantile Nat. Bank	6	160	170
Merchants Ex. Nat. Bk.	6	180	185
Merchants' Nat. Bank	7	180	190
Metropolis Bank	..	390	410
Metropolitan Bank	8	200	210
Mount Morris Bank	10	250	275
Mutual Bank	8	260	290
Nassau Bank	8	225	...
Nat. Bk. of Commerce	8	220	225
Nat. Butchers & Drovers'	6	140	150
National City Bank	10	405	415
National Park Bank	16	470	480
National Reserve Bank	..	110	220
New Netherlands' Bank	5	200	250
N. Y. County Nat. Bank	40	325	335
New York Bkg. Assn	..	220	330
N. Y. Produce Ex. Bank	8	167	175
Night & Day Bank	..	220	250
Nineteenth Ward Bank	15	...	425
Northern Bank	6	...	105
Pacific Bank	8	230	245
Park Bank	..	460	470
People's Bank	10	280	295
Phenix National Bank	6	200	210
Plaza Bank	20	610	630
Seabord National Bank	10	395	405
Second National Bank	12	400	...
Sherman National Bank	..	135	...
State Bank	10	300	...
Twelfth Ward Bank	6	150	160
Twenty-Third Ward Bk.	6	125	...
Union Ex. Nat. Bank	10	185	190
Washington Heights Bank	..	275	.....
West Side Bank	12	500	...
Yorkville Bank	20	500	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	375	385
Bankers' Trust Co.	16	690	705
Broadway Trust Co.	6	145	155
Brooklyn Trust Co.	20	425	450
Carnegie Trust Co.	8	130	140
Citizens Trust Co.	..	138	145
Central Trust Co.	36	1015	1030
Columbia Trust Co.	8	290	310
Commercial Trust Co.	..	118	125
Empire Trust Co.	10	300	310
Equitable Trust Co.	20	495	510
Farmers' Loan & Trust Co. (par $25)	50	1800	1825
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	200	225
Franklin Trust Co.	8	220	230
Fulton Trust Co.	10	300	...
Guaranty Trust Co.	20	870	895
Guardian Trust Co.	..	175	185
Hamilton Trust Co.	10	270	...
Home Trust Co.	4	108	...
Hudson Trust Co.	6	175	190
International Bank'g Corp.	..	105	115
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	..	325	335
Lawyers' Mortgage Co.	12	255	260
Lawyers' Title Insurance & Trust Co.	12	282	287
Lincoln Trust Co.	..	145	160
Long Isl. Loan & Trust Co.	12	305	317
Manhattan Trust Co. (par $30)	12	385	...
Mercantile Trust Co.	30	740	...
Metropolitan Trust Co.	24	520	535
Mutual Alliance Trust Co.	..	130	140
Nassau Trust Co.	8	175	185
National Surety Co.	8	250	...
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	205	215
New York Trust Co.	32	650	675

	Div. Rate.	Bid.	Asked.
People's Trust Co.	12	285	300
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	90	100
Standard Trust Co.	16	400	430
Title Guar. & Trust Co.	20	515	525
Trust Co. of America	10	350	355
Union Trust Co.	50	1350	1375
U. S. Mtg. & Trust Co.	24	475	485
United States Trust Co.	50	1225	1250
Van Norden Trust Co.	12	350	375
Washington Trust Co.	16	...	225
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	125	135

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	225½
Fourth National Bank	7	172
Merchants National Bank	10	265
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	351
National Union Bank	7	203
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127
People's National Bank, Roxbury	6	122⅞
Second National Bank	10	265
South End National Bank	5	104½
State National Bank	7	183¾
Webster & Atlas National Bank	7	185
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	137½
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	749
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	..	150	...
City National, Evanston	12	315	...
Commerical National Bank	12	223	226
Continental National Bank	8	285	288
Corn Exchange Nat. Bank	12	420	425
Drovers Deposit Nat. Bank	10	223	229
First National Bank	20	426	432
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	205	...
Hamilton National Bank	5	135	138
Live Stock Exchange Nat. Bank	10	233	237
Monroe National Bank	4	130	134
Nat. Bank of the Republic	8	199	202
National City Bank	6	225	226
National Produce Bank	..	137	140
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	109	114
Austin State Bank	10	280	...
Central Trust Co.	7	160	163
Chicago City Bank	10	174	180
Chicago Savings Bank	6	143	147
Citizens Trust Co.	..	100	111
Colonial Tr. & Sav. Bank	10	195	197
Drexel State Bank	8	150	155
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	114	116
Farwell Trust Co.	..	119	123
Hibernian Banking Assn.	8	215	218
Illinois Tr. & Sav. Bank	16-4ex.	507	518
Kasper State Bank	10	250	...
Kenwood Tr. & Sav. Bank	7	134	...
Lake View Tr. & Sav. Bk.	5	132	135
Merchants Loan & Tr. Co.	12	418	424
Metropolitan Tr. & Sav. Bk.	6	119	122
Northern Trust Co.	8	320	325
North Avenue State Bank	6	134	138
North Side State Bank	6	125	...
Northwest State Bank	..	113	115
Northwestern Tr. & Sav. Bk.	6	138	142
Oak Park Tr. & Sav. Bank	12	308	312
Peoples Stock Yards State Bank	...	198	...
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	158	...
Railway Exchange Bank	4	125	...
Security Bank	..	167	170
Sheridan Tr. & Sav. Bank	..	112	114
South Chicago Sav. Bank	6	143	146
South Side State Bank	..	130	151
State Bank of Chicago	12	334	338
State Bank, Evanston	8	278	...
Stockmen's Trust Co.	..	113	115
Stock Yards Savings Bank	6	...	215
Union Bank	..	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank	6	160	...
Western Trust	..	153	156
Woodlawn Trust	..	137	140

ROOSEVELT'S RETURN.

IN his declarations, Theodore Roosevelt is a Republican. In his actions he is essentially Democratic. He has been all his life independent of the customs of society. He has talked as he pleased and he has acted as he pleased. He has been unrestrained in his doings and has attracted attention because of this democratic spirit.

The fact is that people at large are so interested in the movements of Mr. Roosevelt that they don't care what he wears. Just at present he is the most interesting figure in public life. It was well worth a journey across half the map of the world to meet him. The account of his return to civilization becomes a classic in its way. The people of the United States are wondering just what Colonel Roosevelt will do when he returns to this country. He has never indicated his future purposes, and probably will not until he comes home again.

His position now is extremely interesting. He realizes, himself, the position he holds. The balance of power rests in his hands. President Taft knows this. He fears his Democratic views. He is far more Democratic in his policies than he is Republican. Knowing this, the party leaders have a right to feel apprehensive. In his interview with Mr. Wellman, Colonel Roosevelt demonstrated still further his diplomacy and his tactfulness in not committing himself to any man or measure. In this, also, he is Democratic.—*Memphis Commercial Appeal.*

TEXAS INVESTMENTS AND TEXAS SECURITIES.

By H. N. Tinker, President Bankers Trust Company, Houston, Texas.

TEXAS at the present time offers great possibilities in every line of industry, and those desiring locations and who are trained in their respective pursuits can find assistance and patronage, provided they bring character, fairness and staying qualities. The field is especially inviting to manufacturers who use material grown in Texas, and those engaging in such pursuits and properly managing their business and environments can but prosper. The time is fast arriving when the business man surrounding himself and his company with modern office equipment and books, taking proper care of his maturities, and furnishing his banker with regular statements of the condition of his business bearing the certificate of a certified public accountant, will find his stock being sought by investors, and readily taken as collateral security at banks.

Magnificent rivers traverse the entire state, provide the proper drainage and supply splendid water facilities. That real estate is the basis of all security is generallv admitted—the real value of any property is determined by its reliable acreage, annual net production, and its proximity to the market. Without question Texas soil has a greater earning power at a less cost to the number of acres in cultivation, at a less cost for living, than any other farming country. It has also a greater variety of products which are successfully grown.

Properly selected lands with absolutely good title can be purchased as an investment with assurances of reasonable and steady increase in values. However, the proper person to buy land is the one who is willing to occupy, cultivate and improve it, and in the event that such person desires to make a larger purchase than he has ready money for, it is customary to give his obligation for the remainder, allowing the party from whom he buys to retain a lien upon the property for the amount of the deferred payments. This form of investment is termed, in Texas, the vendor's lien note, and is considered the best security for the employment of capital or idle funds seeking investment. If proper care is given to the title and relative values considered, Texas land notes or loans offer absolute safety, because the land will increase in value, and even though misfortune should overtake the maker, the notes will be cared for at maturity.

The best method to secure good loans in amounts to suit, and to run no risk as to value and title, is to make request of some first class trust company making it a business to buy paper for themselves with the view of selling to their clients, being morally and financially responsible for final payments. Such companies usually have amounts and maturities to suit, and probably have them in coupon form, so that the owner of the notes may, at interest dates, clip the coupons and forward them to the trust company for collection, the trouble of sending the note for endorsement of interest being thus eliminated.

Texas people are in a position to pay a little higher rate uoon their securities without reflection upon the collateral on account of their opportunities to make money, and the sure increase in the value of lands. Six per cent. first mortgage notes can be had representing only fifty per cent. of a reasonable cash valuation of the property, the loans being passed upon and purchased with the funds of a reliable trust company, which in turn places them with their clients, guaranteeing the final payment, and collecting and remitting interest semiannually without charge. Another form of investment is the debenture certificate, bearing five per cent. interest semiannually, the principal payable at six months by giving sixty days' notice.

LATIN AMERICA

A TRAIL THROUGH THE MOUNTAINS OF OAXACA, MEXICO.

Text of a Paper, Somewhat Condensed, Read Before the Engineers' Club of Philadelphia, by Henry E. Birkinbine, of the Birkinbine Engineering Offices.

Illustrations presented through courtesy of Engineer's Club.

THE State of Oaxaca, whose capital bears the same name as does the state, lies southeast of the City of Mexico, and, with Chiapas, forms the southernmost portion of the republic of Mexico. Its coast line, lying entirely along the Pacific Ocean, has a length of 300 miles, and the railroads within the state do not cover more than 370 miles. The topography, which for the most part consists of series of mountain ranges with intervening valleys, varies from sea-level on the Pacific coast to 10,800 feet, the average elevation probably exceeding 5,000 feet above tide.

This state has an area of 35,392 square miles, about four-fifths of that of Pennsylvania, and is settled by a million people, of whom approximately one-third are meztizos and whites, and the remainder composed of fourteen Indian tribes, the Zapotecas and Mixtecas being by far the most prominent. The route traversed on the trip was mainly through the country and towns settled many centuries ago by the Mixtecas, who speak a language of their own.

The Mixteca peons, a peaceful, music-loving race, wanting in hygiene and method in their life and labors, have unusual powers of strength and endurance. The men carry heavy burdens and travel all day at a smooth running-walk, over hills, along valleys, and through streams, for from twenty-five to 37½ cents gold a day. As an instance, it was related that a "mozo," man-servant, carried a barrel of sugar over the mountains to the camp, a distance of eighteen miles, and also that a native bore a barrel of cement along a sidewalk in the City of Mexico. With the aid of a piece of rope, and using the "serape," native blanket, as a cushion, the Indian carries burdens which in this country require the services of two or three men. A case experienced was that of a "mozo" bearing

Typical topographical features in the vicinity of Huajuapaw, Oaxaca.

upon his back a metal steamer-trunk, filled with clothing, as well as a large dunnage-bag full of "serapes" and blankets, from the railway station to the second floor of the hotel, a mile away. An example of their endurance, even when young, is that of a barefoot Indian girl, ten years of age, walking thirty-five miles over the rough mountain trails in a day and a half to earn one dollar gold a month.

Despite the strenuous exertion on a day's trail of from thirty to forty miles over the rugged mountains, and the heavy burdens borne, the Indians seem to take little rest. At night the "mozos" sit around the campfire and chatter long after every one else has "turned in," and in the early morning, when the camp awakes, they have been astir for some time and have prepared the pack train for the day's work. Along the trail their meals consist of "tortillas," thin cakes made of corn-meal ground between stones, which they buy at the villages passed through, while in the towns they can purchase for two cents gold a meal of soup, meat, "frijoles" or beans, and "tortillas."

On the trail one meets man, woman, or burro, each carrying a load of approximately the same weight, but the woman often has the additional burden of a child

slung over her back in a "rebosa," a thin native shawl with a fringed edge.

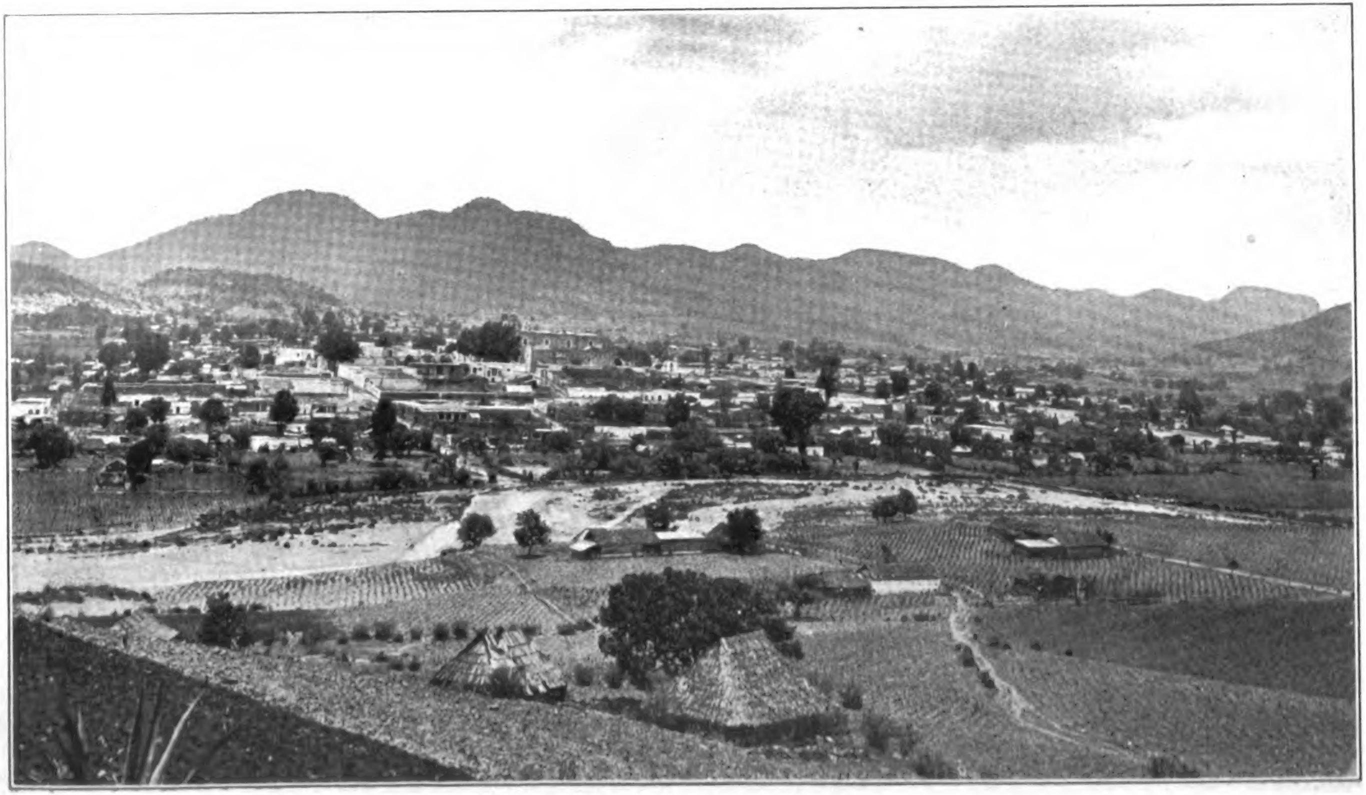
The tenacity with which the people cling to the primitive methods is illustrated by the fact that when iron wheel-barrows were first brought to the workings, the miners would wheel them out of the opening with a load of coal or waste, and then, turning the implement upside down and bearing it on their heads, would trot back into the drift. Another case brought to attention was that of a peon, who, accustomed to the use of the Mexican plow, consisting of a sharpened log with a stick attached for a handle, cut off one handle of a new American plow.

In towns, or occasionally on the trail, the costumes differed according to the wealth and position of the wearer; those of the men varied from up-to-date European suits to the white, or once white, cotton garments, much resembling pajamas; the conical hats ranged from felt with elaborate gold or silver embroidery to straw; and where shoes could not be afforded, they either went barefoot or wore sandals. The clothing of the women was of the latest European fashions or the native low-necked bodice and skirts, much frayed about the edges, and their head-coverings were lace "mantillas," or scarfs, or the domestic "rebosas," those who could not obtain shoes usually being barefoot.

Occasionally a man is seen in the "charro" costume of short jacket, bright colored belt, and tight-fitting trousers which button or hook along the outside of each leg, these garments being sometimes decorated with gold or silver buttons or heavily embroidered with braid of the same metals.

The high peaked hats with broad turned-up brims, which are worn by both men and women while on the trail, serve the double purpose of a protection from the sun and a convenient method of carrying in the brim, so as to be readily accessible, small change, trinkets, cigarettes, and fruit, or at times another hat is perched on the peak.

The "serape," from which the "mozo" is never separated, is used as a blanket at night, to wrap about the upper portion of the body and to cover the mouth in the cool of the evening and early morning; lies on the ground nearby when the owner is working; is carried over the forearm or shoulder



Panoramic view of the city of Tlaxiaco, Oaxaca, and surroundings.

while trailing; and is used as a cushion when heavy bundles are carried.

On the trail other travelers are met, usually "peons" driving pack trains of burros carrying large boxes, bags, jars, or bundles, and often accompanied by the young animals, which solemnly trot along beside their mothers, stopping to gaze at the stranger with wide-open eyes. Sometimes one meets a man riding a fine horse, preceded by a "mozo" carrying a gun and followed by another bearing a wicked looking "machette." From each traveler is received a "buenos dias," or "buenas noches," the Spanish for "good day" and "good evening," and also a raising of the hat from the "peons," men and women, who will pass on without making a mistake in the manufacture of another hat, which they weave from strips of palmetto leaves while walking or riding over the trails.

The narrow, winding, steep trails lead up and down the sides of the mountains, from whose summits are obtained impressive views of the valleys lying a thousand feet or more below. In the valleys, however, the trail broadens out into a road, "camino real," which leads across the valley with its arroyo and through the towns, and on which are seen occasional "caretas," two-wheeled carts of wood doweled together with wooden pins and tied with ropes, drawn by a pair of plodding yoked oxen.

During the wet season the water from the heavy rains, in its course to the river-bed, cuts deep "barrancas," or arroyos, with nearly vertical sides, in the soil, and to cross these gullies the trail winds around until it reaches the end of the "barranca," or a place where the slope of the bank permits a descent to the bottom, and further along a climb up the opposite bank.

Along both sides of the road, bordering the fields or defining the village streets, rows of aloes, or maguey plants, from which is obtained the native drink of "pulque," grow to large sizes, and when blooming send up from the center of the plant a long shoot, about fifteen to twenty feet in height, from whose top are put out symmetrical branches bearing clusters of flowers and giving the effect of a lofty branched candlestick. The prickly pear, which in our climate is nursed in flower pots, grows to trees from fifteen to twenty feet high in Oaxaca.

In the valleys, on both sides of the roads lie the fields in which are raised wheat and maize, and in some protected sections sugarcane flourishes, while anise-seed is occasionally seen growing. The perpetual summer of the region permits of one field being plowed while those adjoining show the green blades springing from the ground or a crop ripe for harvest. Modern agricultural implements are not used by these people, the tilling of the ground being usually accomplished by means of a plow, said to resemble that used by the ancient Egyptains, where a sharpened log, sometimes shod with iron, fitted with a stick for a handle, scratches a shallow furrow in the soil. These plows are drawn by a pair of yoked oxen urged by a thorn fastened in the end

of a long stick. The field may also constitute a threshing floor, where, after the grain has been trodden out of the hulls by two or three horses and a burro hitched together and driven in a circle with the driver as the pivot the first favorable breeze is utilized to waft away the chaff, the grain falling to the ground when the mixture is tossed into the air. After a corn-field has been harvested, the stalks, or "zacate," are stored in the branches of trees to prevent them becoming the food of animals allowed to roam, while the corn is conveyed to conical adobe bins.

The habitations beside the trail are usually of cane with thatched roofs, and some of these have along the ridge-pole a line of earthenware jars, broken vertically down the centers, overlapping so as to prevent the leakage of rain-water. Nearby some of these shacks are hemispherical bake-ovens, with a small hole in each, built of stones set in lime mortar, for the Indians burn their own lime.

From some of the huts passed issued the noise of the wooden looms weaving the "serapes" with wool cut from the ranging herds of sheep and goats, carded, spun, and dyed by hand; while from others came the whirr of the modern sewing machines, and the agencies of these implements can be seen in all the large towns.

The outskirts of the villages are composed of scattered huts built of cane and sometimes inclosed by organ cacti planted in rows so as to form fences; while in the towns the houses, as a rule, are constructed of sun-dried adobe bricks manufactured nearby, and some are also plastered with lime mortar, often painted, the predominant colors being pink or pale blue. The roofs, instead of being thatched, as in the outskirts, are constructed of tile made in the vicinity, or of large, square, flat bricks resting on "vigas," or wooden beams, laid across the tops of the walls with merely sufficient slope to carry off the rain-water. The principal streets are paved with cobblestones, as is also the "plaza," or public square, near the main church, where the people have their market.

The church is always the most prominent feature of the town, its bare walls and white towers rising above all other buildings, and, at the points on the trail from which the town can first be seen, are placed crosses, which passers-by decorate with vines, branches and flowers. Wayside shrines and crosses also give evidence of the religious sentiment of the people.

Beginning the Journey.

Parian, elevation 4,900 feet, the puebla, or small town, from which the start of the journey was made, is a collection of adobe

or cane huts, whose roofs are thatched with split aloe leaves or grasses. It is built about the station where the narrow-gauge, wood-burning, locomotive of the Mexican Southern Railroad connecting Puebla and Oaxaca pauses for wood and water after climbing through rocky gorges, beside tumbling streams, and passing through the "tierra caliente," or hot country, where may be seen the graceful palms and green fields of sugar-cane.

Mountain horses and a pack train of mules and horses were in waiting to carry the party, with their tents, provisions and luggage over the steep, narrow, and often rocky trails across the mountains, whose crests attain elevations above the sea of 8,000 to 9,000 feet, and which, with their foot-hills, separate the various towns from one another. To relieve those wearied by horseback-riding, a chair, built so as to be supported by poles resting on the shoulders of carriers, had been provided, with "mozos" in sufficient numbers to act as relays.

The horses and mules, having lived among the mountains, were sure-footed and safely traveled over steep, rocky slopes, along narrow side-hill paths, or through stony stream-beds; the only misfortune occurring when a pack-horse, in trying to free himself of his load by bucking, lost his footing on the trail along the mountain-side and rolled into the river below, wetting the contents of the suit case lashed to his back and causing the camp that night to resemble a "dressed" man-of-war. For the good of the riders as well as of the horses, it was considered advisable to dismount when descending especially steep or rocky trails, the animals being led by means of long lariats about their necks.

At Nochixtlan, elevation 7,200 feet, a town of 4,500 people, twenty-seven miles from Parian, a stop was made at the hotel. a one-story affair, whose brick-paved rooms, with high ceilings, opened on to a court paved with cobble-stones. About six o'clock that evening the bells in the nearby church began ringing, two bands started playing, and occasionally a cannon was discharged, a preliminary celebration of the following day's anniversary of the granting of the new constitution to Mexico in 1857. These noises were intermittent, ceasing for a while and then breaking out anew.

At Santa Maria Tiltepec, a little town at the foot of one of the mountain ranges, consisting of probably forty cane or adobe thatched roof huts and situated about forty miles from the railroad, stands a large stone church, whose elaborately carved façade contains winged images in niches, and whose interior includes ornate decorations and gilding, as well as an organ, showing the hold of the church upon the scantily clad inhabitants of the vicinity. In the wall around the church as well as in the side walls of the structure are inserted stones with intricate carvings, which were claimed to have been parts of an older edifice, while well up on the side of the building is set a tablet bearing the date 1689.

Teposcolula, elevation 7,500 feet, a town with a population of about 5,000, located twenty-eight miles from Nochixtlan, the next stopping-place, gave evidence of having once been of material importance, being reported to have at one time been the capital of the State. Here stands a church, bearing the date 1763, with an attached cloister, and also the ruins of an older church. Fluted sandstone columns, from thirty to forty-two inches in diameter and twenty-five to thirty feet high, support handsomely carved arches with spans of about thirty feet and a dome, from which part has fallen, a good-sized tree growing from the rim of the hole. The columns are built up in sections, each formed of a number of segments made of such size as to be transported from the distant quarries on mule-back.

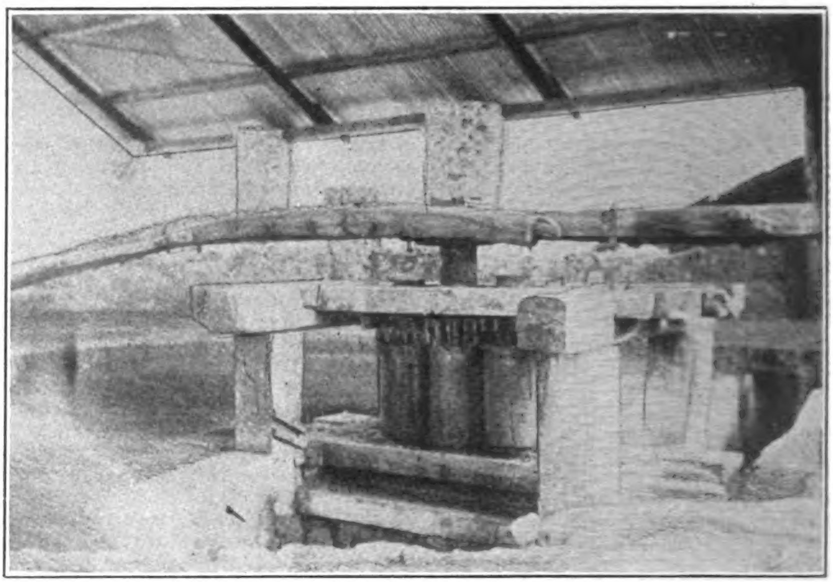
On one side of the town, crossing a stream, is a bridge of masonry plastered with lime mortar, giving the appearance of concrete; and in another locality is a bridge formed by building stone piers and resting upon these huge logs thrown across the

stream between two pairs of tall sabino trees.

Near a pueblo, called San Pedro de Salinas, are salt fields, where the saline water oozing through the earth is evaporated, leaving a deposit of salt on the top soil, which is scraped into piles by the inhabitants and placed in holes in the ground filled with water, dissolving the salt. After the earth has settled, the brine is decanted into a vessel and carried to the huts, where evaporation by boiling leaves the domestic condiment.

Tlaxiaco, a town with an elevation of 7,000 feet, having 8,000 inhabitants, with 4,000 people in the surrounding pueblas, was reached after a ride of thirty-five miles from Teposcolula, being ninety miles from the railroad or nearest continuous wagon road. Claiming it to date from the sixth century, the residents are proud of their town, which is the political head of the district, and boasts of two four-wheeled passenger vehicles, which, however, must remain within the valley, where the trails are sufficiently wide to permit of their use.

This progressive town has separate schools for boys and girls, and its streets are illuminated by electric lights, the current being supplied from the municipal power-plant containing dynamo, engine, and a thirty H. P. boiler using wood as fuel. The machinery was brought over the mountains with great difficulty, trees and "dead men" being employed to assist the oxen in hauling the sections, which were placed on rollers.



Sugar rolls made of copper and operated by animal power. They are claimed to have been introduced bv the Spaniards at the time of the conquest.

Tlaxiaco supports an orchestra as well as a good band, the natural talent for music being illustrated by the fact that many of the performers are boys. The music-loving character of the people was demonstrated by finding that the disturbance of one's rest at three o'clock one bright moonlight morning by the soft music of the orchestra's guitars, mandolins, violins, flutes and clarinets was because the night was so beautiful the members of the orchestra felt they should serenade through the town.

It was stated that at the Fourth of July celebration of the American engineers employed by the Oaxaca Iron and Coal Company, in which the officials and residents joined most heartily, the band from a town thirty miles away came into Tlaxiaca playing one of Sousa's stirring marches.

When the engineers of the above company first settled in Tlaxiaca, an American was a curio, but now there are in the town English signs, including those of "shu shine" and "barber shop."

A caller upon one of the prominent citizens found in his parlor long mirrors, carpet, parlor furniture, and a piano, all of which must have been carried over the mountains by "mozos" or mules. There were also in the town several billiard tables, which had been brought from the railroad in a similar manner.

One of the town "plazas," where the mar-

ket is held on Saturdays, is a square paved with cobble-stones and having in the centre a fountain from which some of the residents obtain their supply of water and carry it to their homes in jars. This, with two other similar fountains, constitutes the town water-supply system. On market days the "plaza" is crowded with 4,000 to 5,000 people, who spread their wares upon mats laid over the stones, and will sell their stock or trade the fruits and cane of the hot country for the pottery, "serapes," etc., of the towns.

On Saturday night, after the market is over, the pigs of the town clean up the "plaza" refuse, and a Sunday morning's form of excitement is the arrest of the pigs, if the officers succeed in their efforts to catch the animals.

A sport of the Indians is "pelote," or hand-ball, played with a ball made of cloth. Some knock this against the side of a house, having courts marked out in the dirt, similar to racquet; while others have a game resembling tennis, using a line as an imaginery net, with courts marked out in the dirt on both sides of this line.

The friendly spirit of the people was shown by viands sent to our table, such as turkey, boned, minced, and stuffed back into the skin, a young roast pig, and various kinds of "dulces," or desserts.

Near Mixtepec the camp for the night was made by the Mixtepec River, where this stream leaves its fringe of "sabino" trees in the rolling country and enters a gorge whose nearly vertical walls are about 170 feet high and 230 feet apart.

Many of the trees in this vicinity have hanging from their branches a fungus, much like our southern moss, which hides the leaves; and from the branches of other trees grow varieties of orchids, the plant resembling the clustered spines of a pineapple top and suspending a chain of bright-colored flowers.

Mina Consuelo, a little settlement in a narrow valley between high hills, from whose crests the coyotes howl at night, is where most of the exploitation has been done, and a welcome sight upon coming over the summit of a hill was that of the Stars and Stripes flying beside the Mexican tricolor above the office and chemical laboratory, which had been installed by the company on account of the distance the operations were from any established laboratory.

After visiting the workings at Mina Consuelo, a start for the railroad was made, and the character of the vegetation changed. Banana and palm trees were seen, fields of sugar-cane were passed, and occasionally the trail, which passed through innumerable palmettos, was left for the welcome shade of large trees of candelabra cactus, which have a pulpy trunk supporting a number of branches, forming a tree about thirty feet high with a spread of the same distance.

Passing through Huajuapam de Leon, a town next in importance to Tlaxiaco, a stop for the night was made at Chila, a little pueblo, where early in the morning the soft plaintive music of an orchestra was heard, growing louder as from a nearby church came a funeral procession. A number of women and children, each with a small bouquet, preceded the chief mourners and the coffin, which was borne on the shoulders of men, who also carried flowers, and followed by the orchestra. Even the musicians carried small bunches of flowers, those playing the violin and 'cello holding them in the hand with the bow, and on account of the length of his instrument the player of the 'cello had its base supported by an assistant, while he played with its stem resting upon his shoulder.

Continuing the journey and obtaining beautiful views of the mountain ranges and valleys from among the palmettos, which grew either close to the ground or as the stems of branching trees, the town of Acatlan was reached. Here the horses were reluctantly left behind, and seats were taken in a coach which five mules, urged by a

Accounting Department. Showing Book Vault in Background.

THE BANCO MINERO, CHIHUAHUA, MEXICO.

"mozo" riding a sixth, pulled over the mountain on a steep, winding road made by cutting into the hillside and filling in back of retaining walls of masonry and overcoming an elevation of 2,500 feet in five miles. Although the wheels of the vehicle were so loose on their axles that a breakdown seemed imminent and inevitable, especially when the mules were driven at a gallop down the mountain side, a safe arrival was made at Mucio Martínez, the terminus of the "Ferrocarril de San Marcus y Huajuapam de Leon," a railroad which connects at Rosendo Márquez with the Mexican Southern Railroad to Pueblo, but does not touch either of the towns named in its title. During the latter part of the ride the discomforts of the coach were forgotten in the enjoyment of a view, the blue sky-line of which was broken by the peak of Malenchi and the snow caps of Popacatepetl, Ixtaccihuatl and Orizaba.

PEBBLES FROM DENMARK.

A CARLOAD of flint pebbles has been ordered from Denmark by the Rio Plata Mining Company for use in its mines in Chihuahua, Mexico. The pebbles are used for the regrinding of ore for the cyanide process. The reason for sending to Denmark for them is that the hardest flint pebbles in the world, superior to any that can be obtained on the North American continent, are to be found there. Most of the mines in the Arteaga mining district in Mexico use these, the Rio Plata Company alone, with an output of about a million ounces of silver a year, requires a carload every five months.

SAVED TWO CENTS IN ONE YEAR.

PRESIDENT TAFT'S advocacy of economy in public expenditures has struck a responsive chord in an individual signing himself "a $500 clerk," who claims to have saved the government sundry small amounts during the last year by the careful use of ink and lead pencils. He expresses the hope for long life for "this economical administration." The letter was addressed to Secretary MacVeagh in the following words:

"During the past year, by omitting to cross my t's and dot my i's, I have saved the government two cents in ink. Will you please add this to my salary? I am now using my lead pencils down to half an inch. I hope in this way to save another cent. Long live this economical administration!

"I am short of paper or I would write a longer letter. We are one year nearer the poorhouse."

TAKE YOUR CHOICE.

MR. ALDRICH says our banking system is barbarous, but we guess it is about as good as our tariff system, which Nelse thinks is the best.—*St. Michaels (Md.) Comet and Advertiser.*

THE BANCO MINERO, CHIHUAHUA, MEXICO.

THE Banco Minero was established in the City of El Paso del Norto, now Ciudad Juárez, in 1882, and on April 15, 1883, it was definitely reorganized in the City of Chihuahua, with a capital stock of $100,000. The stockholders were at that time General Luis Terrazas, Don Pedro Zuloaga, Don Inocente Ochoa, Don Mariano Samaniego and Don Enrique C. Creel, each stockholder representing $20,000 of the capital stock.

$100,000; in 1887 to $250,000; in 1888 to $400,000; in 1889 to $500,000; in 1890 to $600,000; in 1895 to $700,000; in 1896 to $1,500,000; in 1900 to $4,000,000; in 1903 to $5,000,000.

In December of 1909 the Banco Minero had the capital stock paid up and non-assessable of $5,000,000, and a reserve for undivided profits of $1,875,193.65.

Juan A. Creel was elected general manager of Banco Minero in 1904. He started

Banco Minero–Showing Municipal Building on Left.

Don Enrique C. Creel was appointed at that time general manager of the institution, which charge he held until 1904, when he had to resign to become governor of the State of Chihuahua.

The Banco Minero has always been identified with the progress of the State of Chihuahua, and its credit and capital have grown in harmony with the progress of the State.

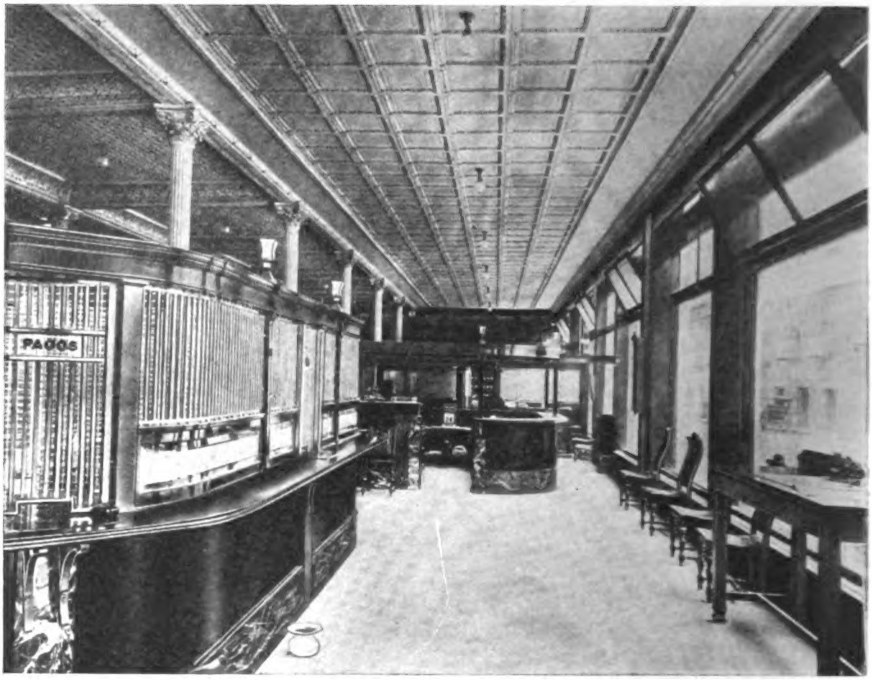
In 1885 the Banco Minero absorbed the Banco de Hidalgo, of the City of Parral; in 1896 the Banco Mexicano, of the City of Chihuahua; in 1896 the Banco de Chihuahua; and in 1900 the Banco Comercial.

There have been many increases in the bank's capital stock as follows: In 1883

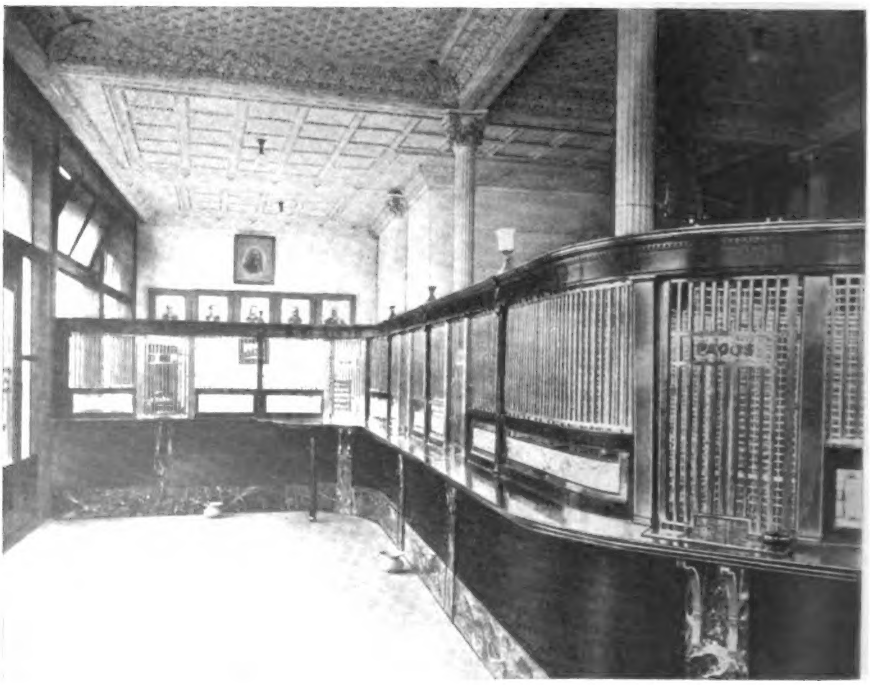
his career at the bank in 1883 as an office boy and worked his way through different departments of the bank up to his present position of director and general manager.

The directors of Banco Minero are: General Luis Terrazas, Juan A. Creel, Juan Terrazas, Manuel Prieto, Luis Terrazas, H., and Alberto Terrazas. Me. Eduardo C. Cuilty is assistant manager and Don Ramon Cuellar government inspector.

The Banco Minero has the following branches: In Gomez Palacio, Durango; in Hermosillo, Sonora; in Parral, Juarez, Camargo and Jimenez in the State of Chihuahua.



Main Corridor and Customers' Space, Showing Manager's Quarters.



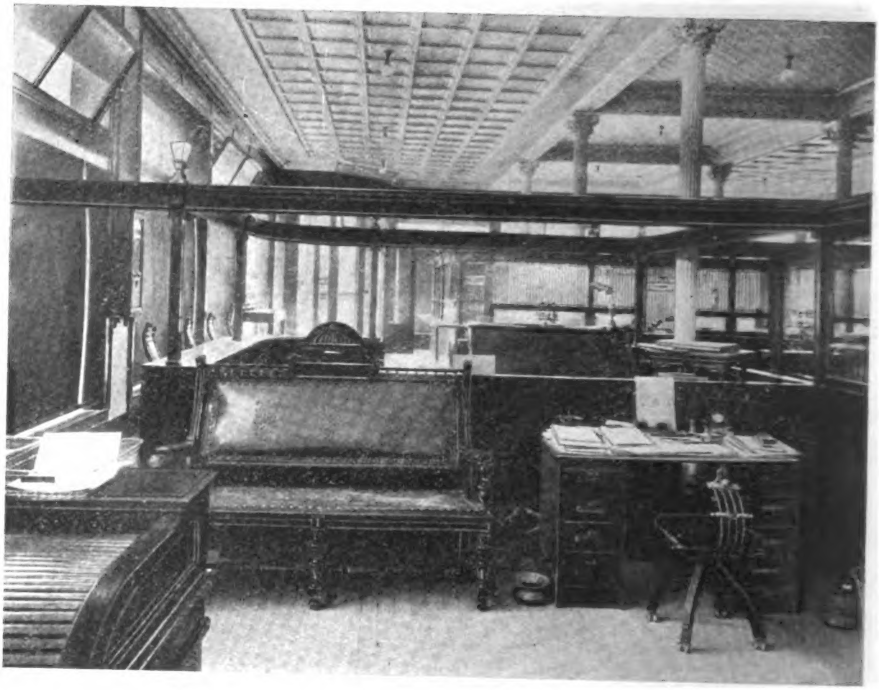
Customers' Space, Showing Collection Department.

THE BANCO MINERO, CHIHUAHUA, MEXICO.

A Partial View of the Office shared by the Assistant-Mahager and Secretary.

Directors' Room.

THE BANCO MINERO, CHIHUAHUA, MEXICO.

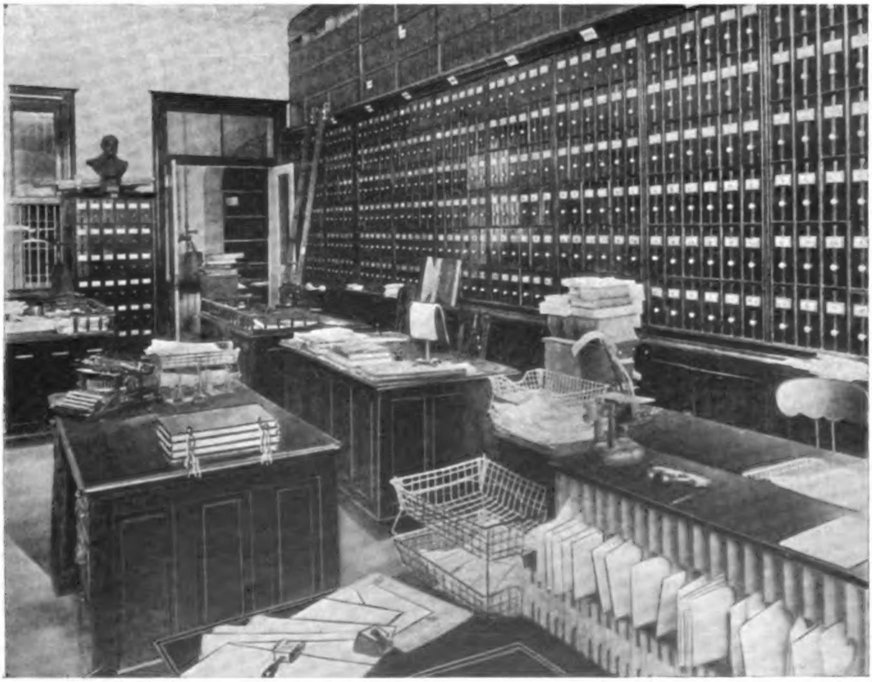


View in Manager's Office.

A Corner in the Collection Department, Showing Telegraph Operator's Desk and Printing Press.

THE BANCO MINERO, CHIHUAHUA, MEXICO

A View of the Accounting Department, Showing the Filing and Auditing Department in the Rear.



Filing and Auditors' Department.

THE BANCO MINERO, CHIHUAHUA, MEXICO.

ONE CAUSE OF OUR FINANCIAL WEAKNESS.

By W. E. Waldron, Cashier Yellowstone National Bank, Billings, Montana.

WE live in a country possessed of vast resources and occupying geographically a domain unequaled in possibilities anywhere in the world. During the last few years especially we have been making great strides agriculturally and commercially, and in fact in every department of industry. Engaging in our commercial and financial enterprises are representatives of every nation on the globe. With this

W. E. WALDRON

Cashier Yellowstone National Bank, Billings, Montana.

homogeneous population it is no wonder that we are subjected to sudden and unexpected changes in our commercial and financial world.

One result of our natural development as a nation is the flooding of the markets of the world with securities that have questionable values, and, because of varying reports emanating from stock brokers, are subjected to a wide range in values. The very commodities of our country are also undergoing a change in price, resultant upon increased cost of labor and more luxurious living on the part of the people. Our fiduciary institutions are also undergoing a change in the character and nature of their business. Therefore much discussion is rife concerning banking and financial systems and the best system extant in the world and the possible change of our own system into one more suited to the needs of a rapidly growing and constantly expanding nation. Our wealth is increasing by the millions each year, our bank clearings—the barometer of business—are also reaching enormous figures. Bank deposits are greater today than at any time in the history of our country, but we are surprised when brought face to face with the fact that our available cash resources do not keep pace with this large increase, which is in itself a disturbing factor in our national welfare.

Foreign Systems Not Adapted to Our Conditions.

All admit that England, France and Germany possess systems which have through long years of development and growth in season and out of season, in good times and in times of panic, served their peculiar needs admirably, and yet not one of these systems could be ingrafted into the other without causing great peril and possible panic.

It is found by a careful study of conditions that no nation is perfectly satisfied at all times with the workings of its banking system, for when the crucial test is applied its weakness and unfitness, like in our own system, are made apparent, yet no one has any fear, as far as the depositor is concerned, but that each and every system is as safe and as sound as the ingenuity of man can devise.

A financial system as demonstrated by other countries, and from our own observation, is a creature of very slow growth, the reforms and improvements are accomplished step by step and after years of discussion and slow development. It would, therefore, be out of all reason to suppose in our own case that we can create a new system and impose it on the country all at once, as it is a matter of evolution and will necessarily be fraught with many unforeseen difficulties.

We find that any change is a subject of as much concern to other nations as it is to our own, for we are all equally interested in each other's betterment, as a nation's credit is judged almost entirely by its financial system, and any modifications or new ideas would be experiments and time alone could prove the wisdom or fallacy of its adoption.

A Ticklish Proposition.

A national banking system is somewhat of a psychological matter, and the would-be reformer must hesitate before making any radical alterations that are not received with almost unanimous consent and world-wide confidence in their effectiveness, so important and delicate is the undertaking. The American people, when it comes to matters of finance, do not adjust themselves readily

to new conditions, but are likely to be more or less skeptical. Can we blame them, when our best authorities and students disagree on this most important subject?

It is no easy task to change the river bed from its established course on its way to the ocean, and it is equally as difficult to change a long established and safe method of transacting the banking business of our country.

Like in the river, some changes might and could be made which would not interfere with the general or established course of affairs. As in times past, Congress hesitates to grapple with a problem so great and yet so important, and will await the report or suggestions of the Monetary Commission, and even then it will be slow in acting on any suggestions or recommendations offered by that body. The people—not the moneyed power of our country—are the most vitally interested; they are not complaining about our financial system, nor our money, for either is good enough for them.

This nation has had a siege of unsound currency and political rule over the banking system, and neither of them worked to the good of business or the credit of the nation. We should review the past and profit thereby, and keep in mind that history will repeat itself.

Cash Reserves.

It is profitable as well as interesting to study Continental banking methods, and we are greatly impressed with some of them. For instance, the matter of cash reserve as to deposits in the banks of the three principal foreign nations is worthy of our attention as well as emulation. The Bank of England carries a constant cash reserve of over forty-five per cent., the Bank of Germany some forty per cent., and the Bank of France, the most conservative bank of them all, carries the handsome reserve of seventy-five per cent. The average reserve carried by the banks of the United States, taken as a whole, would hardly reach twenty-five per cent. of deposits, which in a way belittles, as well as weakens, our own banking system, as compared with the banks of Continental Europe.

We today, more than ever before in the history of banking, judge the strength of a bank by the reserve it has in available cash; in relative importance, the size of its capital and surplus are secondary considerations. On this one point alone we are considerably outclassed by all foreign powers, because the maintenance of a large reserve is one of the cardinal principles in their systems. As a safeguard against panics, we must admit that they are right in their position, for when the disturbance and panic comes, which is always unexpectedly and without warning, those banks in our own country who make it one of their rules to carry a large reserve, weather the storm with ease and without embarrassment to themselves, but the banks keeping their reserves down to our government requirements are many times during a period of stringency placed in a very uncomfortable and embarrassing position. As we are a nation whose business is subjected to rapid and unexpected changes in a financial way, the banks must of necessity protect themselves, and therefore keep a reserve on hand during good times and during close times sufficiently great to protect them, should they at any time be called upon for a large amount of their deposits.

Insufficiency of Our Banking Reserves.

So, from this we can see that one of the principal weaknesses of our own system lies in the lack of a sufficient reserve. Experience has taught us in these modern times of rapidly changing conditions that in order to strengthen our own position banks outside of the reserve centres should carry a reserve of at least thirty per cent. of their deposits, instead of fifteen per cent., as now required by the national banking act. Banks in the central reserve cities acting as reserve agents for other national banks should carry a larger reserve than twenty-five per cent., as now required of national banks, and it would not be out of the way for them to carry at least forty per cent. reserve against their deposits.

This would not be profitable for the stockholder of any such banks or for the bank itself, but they are not the parties to be considered when we are looking for greater safety in the way of conducting a bank's affairs.

What an Increased Reserve Will Mean.

We can see if this increased reserve should be instituted in our banking system that it would double our strength as a banking power and place us on a par with older and more conservative nations, and by so doing, we would be in a position to face any conditions which might prevail in our nation, without loss to the banks or to their depositors. France today is often alluded to as "the banker nation" of the world; her reputation has been gained only within the last few years, but when we look at her large cash reserves we are able to say that she is deserving of the title.

As a nation governed by the people, the people's wishes are supposed to be carried out in all matters pertaining to public utility. If the people are given over more or less to speculation and gambling our government must suffer thereby. If the people in their methods and ways of doing business lack that degree of conservatism which ought to characterize a level-headed race—by speculating on the stock exchanges, one of the main disturbing features in our welfare—then it is our own fault if by so doing it works an injustice to our country's financial strength. Our attention has been called

to the fact time and time again that some laws ought to be enacted to rid the nation of this dangerous and disturbing factor.

Credit Without Confidence.

The greater portion of our business is done on the credit system, without even a dollar of actual cash changing hands—a convenient, safe and very satisfactory way, we must admit, and works to advantage when all is smooth sailing. It is conservatively estimated that nine-tenths of the business of the country is done on paper or by evidences of credit. This is a practice which drives actual money into hiding and out of circulation during good times, but when the storm cloud arises the bank check or draft is not so much in evidence and our great credit system suffers materially, due to the lack of confidence in each other and our various financial institutions, much to our regret.

The fact that the great disturbances are largely engendered by stock exchange speculation and that the larger volume of business is done on the credit system, again points to the necessity of a larger cash reserve on the part of our banks, in order to make them bulwarks of strength in times of need, as a good financial system should work to its best advantage under extraordinary conditions.

Any system, be it the very creature of perfection, is a signal failure if the people lack confidence in it and continually run it down. The facts are that too much has been said and written of late in derogation of our national system. Under such circumstances can we expect our own people, saying nothing of foreign powers, to have confidence in a matter so important to their welfare?

GEORGE HARWOOD

One Hundred Years Old and an Active Bank Director.

TO the best of our knowledge the oldest bank director in America is George Harwood of Barre, Mass. He was 100 years of age last October. Since 1869, when the Barre Savings Bank was organized, Mr. Harwood has been one of its stockholders and for the past thirty-four years has been one of the board of directors of the institution, and he never misses a meeting of the board, walking to the bank from his home, which is quite a long distance from town. His mind is very clear and the other directors of the bank all appreciate his sound judgment, good advice and counsel, and watch with interest his goings and comings. George Harwood was a model farmer and his thrift and economy enabled him to retire from his labors a number of years ago with plenty of this world's goods to keep him comfortably the rest of his life. He has ever been a methodical man, one who takes the world as it comes, and is always at work, busy doing small tasks, so that he will never become idle. He has always avoided all kinds of extravagances

GEORGE HARWOOD
A Centenarian Bank Director.

and lived a model life. Tobacco and ardent spirits have always been shunned by him, and so strong is his dislike that he absolutely refuses now to use any stimulant whatever, even when many might say it would be a tonic to him. He has lived in the same community a whole century and his friends are everywhere.

BOOKS MOST IN DEMAND AT NEW YORK PUBLIC LIBRARY.

FOR the week ending March 8 the circulation department of the New York Public Library reported books most in demand, excluding fiction, as follows: Barrett's "Modern Banking Methods," Hutchinson's "Preventable Diseases," Crozier's "How the Farm Pays," Serviss' "Curiosities of the Sky," Chesterton's "Orthodoxy," Doubleday's "American Flower Garden," Prudden's "Dust and Its Dangers," Mason's "Spell of Italy," Shakespeare's Plays, Ibsen's Plays, Spencer's "Philosophy of Style," McMurry's "How to Study," and Turner's "Aerial Navigation of Today."

FINANCIAL BASIS FOR GREAT SUCCESS.

By Edward White.

IN these times of over-capitalization and watered stock, it is refreshing to witness the upbuilding of a large industrial enterprise with just enough capital to insure its development—just enough stock subscribed for and money paid in to the corporation's coffers to cover its legitimate investments, working capital and necessary surplus. The launching and advancement of such an enterprise make a very noticeable rift in the clouds of monopolistic and grab-all-you-can tendencies, and manifest a disposition to give the public a chance.

This is seen in the financial and development plans of the Independent Harvester Company of Plano, Illinois, and even in this instance the proposition would undoubtedly fail of success were it not for the soundness of its basic principle. In the beginning a plan of practical co-operation was conceived and put into execution which places the farmer in the position of manufacturer and capitalist as well as consumer. He is enabled to buy stock in the corporation in any amount that suits his judgment and his ability, from $100 up, and to make his choice between two kinds of certificates—one carrying with it the benefit of a good discount on all machinery or vehicles purchased, but no voting power, and the other giving him no discount on purchases, but extending him voting privileges. All stock, however, participates in the profits of the company.

The total issue of stock was originally fixed at 100,000 shares, at a par value of $100 a share. The number of shares issued March 1, 1910, was 14,523, making a total capitalization of $1,452,300, all of which has been paid in as it has been required for development and the maintenance of working funds. Thus when a farmer subscribes and pays for a certain amount of the stock he is simply providing the capital with which to build his own machinery—simply becoming a manufacturer without the ordinary risk of being frozen out after his money is paid into the enterprise. And he enjoys the further satisfaction of realizing that his interest in the company will be fully protected—that its earning power will not be decreased by a division with shares that represent no cash investment.

The outstanding stock is distributed among about 7,500 shareholders, nearly all of whom are farmers located in the North Central States. The company carries an average of one-third of a million dollars in current working funds, and all of its tangible assets in excess of liabilities amount to two-thirds of a million dollars. When there is added to this sum the money invested in patents, patterns, good will, promotion, etc., to the amount of three-quarters of a million dollars, it is seen that every dollar of the paid-in capital has been invested to the best possible advantage; that the shareholder's security is of a gilt-edge character, and that the company is on a footing that means nothing but success.

The real estate owned by the company amounts to 150 acres, fifty acres of which are used for factories and factory sites, and 100 acres for experimental farm purposes. The various factory buildings have a total floor space of 225,000 square feet. Title to all the property, including buildings, real estate, equipment, patents, patterns, etc., is vested in the company. Fire insurance to the amount of $225,000 is carried, at minimum rates, on account of the modern construction of the buildings. The highest credit is enjoyed with the material people, and many of the company's largest bills are discounted.

The membership of the company is a membership of producers, who are consumers of their own goods, and every new member that is added simply strengthens the corporation's capacity as a producer and a consumer. Its resources may be reckoned from within and without, and the growth of its capitalization is necessarily a part of its actual development. And then every member is a selling agent, with influence backed by a direct interest in the sales.

The above analysis of the company's balance-sheet and review of its development plan make it very plain that for genuine honesty of purpose, and feasibility of procedure, the corporation is without a superior. The basis of the organization, its every transaction, and the comprehensiveness of its public statements make it stand out in bold relief against the ordinary sordidness of our commercial life, and give us hope for better things in the future.

INCREASE IN WEALTH, POPULATION AND VALUE OF FARM PROPERTY.

	1870.	1908.	Per Cent.
Wealth of United States	$30,068,000,000	$137,000,000,000	290
Population	38,000,000	87,000,000	126
Farm property	$8,944,000,000	$23,000,000,000	145

SAFE DEPOSIT

THE PHILOSOPHY OF SAFE DEPOSIT ADVERTISING.

HAPPY HINTS IN EPIGRAMS AND SOUVENIR GIFTS.

By Thomas W. Hotchkiss.

A BRIEF, pointed statement, arresting the attention, and making instant appeal to reason, is the best kind of advertising. This is especially true in New York and kindred cities, where one has only time enough to give a passing glance at signs and circulars. The successful ad. should follow the poet Cowper's suggestion, and

"Shine by the side of every path we tread,
With such a lustre he that runs may read."

This, we find, is the present trend of safe deposit advertising. Its statements are in epigrams.

Various ingenious ways have been devised to place these "happy hits" in front of possible patrons. While indulging in general advertising in the newspapers and street cars, so that persons at a distance may know of the vault's availability, the immediate neighborhood of the vault should be canvassed by delivering the company's advertising matter to individuals. And when an active competitive campaign is waged, it is found profitable to convey the ad. in various useful souvenirs.

Some men may spurn the idea of accepting the most trivial gift of this sort, especially if it is intended to be placed on display; but safe deposit companies which have kept records of their financial returns from such expense find that this kind of advertising pays. To get something for nothing when it is really useful, and not inconvenient or offensive to the eye, is more than human nature, as a rule, can resist. At the rate of $4 or $5 per week reliable messengers can be employed to deliver these advertising gifts more economically than by paying postage to Uncle Sam.

Useful Souvenirs.

Rulers and calendars, pencils and penholders, bearing the company's name, are most commonly used. Vest-pocket notebooks are being sent out at the present time by the Mercantile Safe Deposit Company and the Bank of the Metropolis of New York. They are a very useful little article, substantially bound in leather. A small, aluminum, automatic match box, containing a nest of paper matches, each stamped with the company's name, is being distributed by the Hanover Safe Deposit Company of New York. It has proved a profitable ad. A perpetual calendar, to be placed upon one's desk, was a former "happy hit" of this company. The same company is distributing a blank form to be used as a record of investments, to show the date of purchase of bonds or shares, the price paid, the rate of interest, the due date, and the amount of income due each month. It is in the shape of a folder bearing the company's name.

The United States Safe Deposit Company of New York presents a registered key-check to every safe holder, thus insuring the return of keys in case of loss. The same company formerly gave away a paper-covered inventory book for listing household furniture before a fire occurs at home, to be kept in the safe deposit box.

This book was once published by The Results Publishing Company of San Francisco, and was bought in quantities by many safe deposit companies and distributed by them as a medium for carrying their business name and address. As every insurance company, in case of fire, requires an itemized list of goods destroyed before a settlement can be made, such an inventory, if safely kept, "insures the insurance." It proved an excellent advertising medium. Other devices, such as the model safe deposit box, of paper, given by the Carnegie Company, have been recently mentioned in the pages of the Bankers Magazine.

Booklets.

These are only a few of the ingenious means of conveying in a striking way the advertisements of safe deposit companies. The more common and necessary way is by cards, descriptive folders, and booklets, containing concise statements of the principal features of the vaults and the methods of safeguarding their treasures. For examples of the printer's and engraver's arts, as applied to this line of business, the new booklets of the Lincoln and the Carnegie Companies of New York are especially noteworthy.

The aim is, first, to induce people to put their valuables in some safe deposit vault; second, to induce them to go to the special vault that is advertised. Then, when the prospective customer pays them a visit, the

vault and its custodians must speak for themselves and fully satisfy his mind.

Arresting Attention.

The statement, "There can be no real peace of mind without security of property," is an epigram which makes one stop and think. It strikes a note of alarm, and a moment's reflection satisfies one that it is not misleading. To investigate a better place to keep the family jewels than under the carpet is a logical result. Such striking sentences as the following serve the same purpose:

"It is better to be safe than sorry."

"Indifference to a vital necessity cannot be excused on the plea of economy."

"Money and valuables in these vaults are safe from prying and thieving friends."

"The unprotected woman who must look after her own property has direct or indirect need of a safe deposit company's protection."

"When a thing is important and will be of direct benefit to yourself, act quickly and wisely."

"Thieving and burglary demonstrate that the average office safe is no more proof against the scientific thief or dishonest employe than an ordinary desk."

And so on. The more graphic you can make the danger of non-protection within the limits of truth, the better. Sometimes illustration helps. The Union Safe Deposit Company of Pittsburgh pictures a burglar entering the window of a man's bedroom at night and compelling him, at the point of a revolver, to give up his valuables. The public can no longer reply to this cartoon by citing the case of the vault custodian who was compelled at the point of a burglar's pistol to disclose the combination to the vault. Time locks have eliminated that danger.

Every hazard that formerly menaced the safety of one's treasure has been met by the makers and guardians of the modern safe deposit vault, and every one of the checks and guards which overcomes such danger is the pride and glory of the safe deposit business. So far as consistent with necessary secrecy, every one of them should be mentioned by some striking phrase in each company's advertisements.

Some companies use watchwords, such as "Strength! Security! Secrecy!" (this one being, perhaps, too suggestive of the patent medicine ad.—"Swift's Sure Specific"). Or, better, "Experience! Vigilance! Strength!" These set forth general, salient features.

What to Avoid.

The features which should not be mentioned in any ad. are those which might give undue publicity of private methods of business. They may be disclosed in answer to questions on the part of reliable persons who have a right to the information for satisfactory business reasons; but not otherwise. Especially unprofessional is it to disclose in an advertisement or write-up, without permission, the names of distinguished men who are patrons of the vaults; and, indeed, it may well be doubted whether it is a wise business policy to disclose them even with consent.

Emphasize Vault Strength.

Each vault has some peculiar advantage worth "playing up" in the advertisement. It may be the location, or the good light, air, and roominess of the interior, or a long record of success, or some recent improvement in construction, or, best of all, the courtesy, technical knowledge, accuracy, promptness, watchfulness and judicious care on the part of the custodians. If the safes for the storage of silver are velvet-lined, that is worth mentioning. The private reception room and coupon rooms for ladies, or the extreme precaution taken to identify safe-holders and their deputies are as advantageous and well worth mentioning as the fact that the proximity of the United States Sub-Treasury gives the vault "exceptional protection in the event of riot or other mob violence, through the immediate presence of national troops," or that a steam pipe, set directly above the outer door to the vault, "is ready at any moment to discharge from its open mouth an unlimited torrent of steam."

Emphasizing Vault's Special Features.

If one vault has not all the advantageous features of some other vault, it has some features worth mentioning, which in their way may be just as good or possibly better. The ingenuity of the author of ads. can be brought into play in innumerable ways to present each important "angle" of the business, by some bristling, pointed paragraph.

Now that the advantages of safe deposit are generally known and recognized, and putting valuables in vaults is as common, in this country at least, as subscribing to the newspapers, the "long winded" historical and descriptive booklet is no longer necessary. After the busy man or woman has been aroused to the need of protection, he or she wants to know the important details of the vault's construction and management. "Personal inspection invited" is then in order.

The live company renews its advertising every two or three years or oftener. It is seldom, if ever, that a safe deposit company becomes so settled and prosperous that little or no advertising is necessary. This happy condition is more than likely to result in an enlargement of the vaults. Seldom does any business become so self-progressive that its merits can be made known solely by the good report of its customers.

If advertising is dispensed with, there is

always the danger that rivals will forge ahead. It would be a paradox indeed if a company were to fancy it could afford to spread abroad the epigram, "We never advertise"! It would be an evidence only of self-sufficiency, disclosing the danger of settling back and retrograding.

The best epigram for a safe deposit company to bear in mind is this: "Advertising pays!"

BETTER TO BE SAFE THAN SORRY.

How The First Safe Deposit Vaults Came To Be Built And Some Facts Concerning The United States Safe Deposit Company of New York.

ST. MATTHEW wrote:

> Lay not up for yourselves treasures upon earth, where moth and rust doth corrupt, and where thieves break through and steal.

While St. Matthew referred more particularly to the preservation of the treasures of heart and mind, he was evidently strongly impressed with the general insecurity ot earthly treasures "where thieves break through and steal."

Modern society has taxed its ingenuity to protect both life and property. In the latter direction what are known as safe deposit vaults, easily accessible, yet perfectly secure, have supplied an earnest need.

Liberty Street Entrance to Main Office.

But they are not a modern idea, for it was really Rome which organized, on a co-operative basis, the first safe deposit vaults. When the Romans brought into Italy the wealth of their conquests, an imperative need for this protection was evident. An association of wealthy Romans built vaults of stone, with the interior divided into small rooms or compartments, for the use of the several owners. This structure actually was named "The Roman Safe Deposit Vault."

Its method of protection was somewhat unique, for a guard of the most trusty slaves was stationed within the entrance, while they, in turn, were locked in, and the whoie structure itself was sentineled by a relief guard of other slaves, day and night. All this was of no avail, however, for the victorious hordes of barbarian Goths and savage Huns soon left only a crumbling mass of ruins as a monument to their looting.

For centuries afterward, people still continued to seek some better method of protection than a mere place of concealment, and the iron chest was the out-growth of those times. From this grew the modern safe and the safe deposit vaults, so that in effect, the so-called burglar-proof safe is nothing more or less than the evolution from the old Saxon strong-box.

Modern Equipment.

The first safe deposit company in America came into being less than fifty years ago.

From that day to this the evolution of the modern steel vault has made rapid progress, and the business of renting security in the form of safe deposit boxes has grown tremendously.

Our first illustration shows the Liberty street entrance to the United States Safe Deposit Company of New York, with the outer protection afforded the business offices. The vaults and offices occupy a large portion of the first floor and basement of the new addition to the Mutual Life Insurance Co. building, and in addition to the entrance named, there are others at 34 Nassau street and 55 Cedar street.

The material of which the main vault is constructed weighs seven hundred and fifty tons. This vault is nine feet in height, fifteen feet six inches in width and forty-three feet ten inches deep. Floor, ceiling and walls are conposed of steel three inches in thickness, backed by one foot thickness of concrete.

The boxes in this vault vary in size and cost, the cheapest being $5 per annum. Each box is of steel made by the York Safe and Lock Company of York, Pa., and contains a sliding inner box for the reception of valuables.

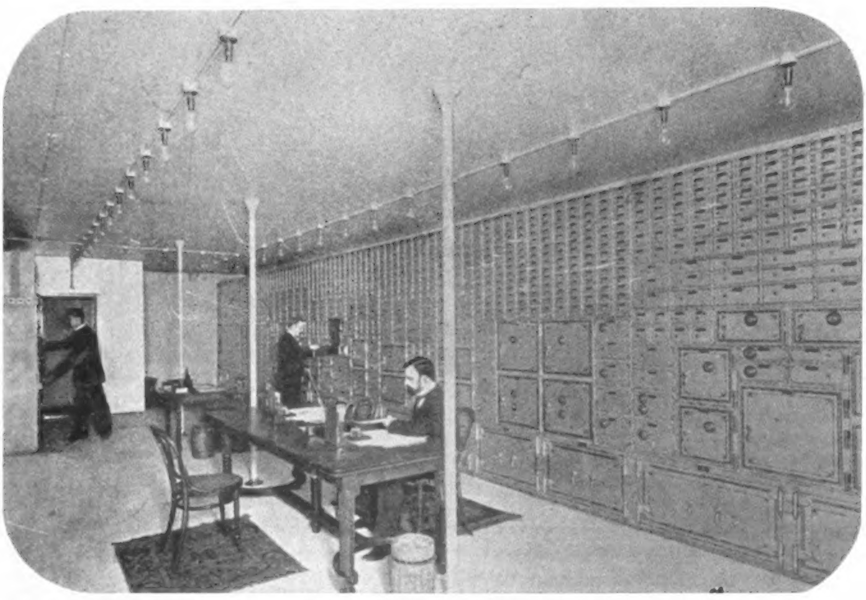
There are various styles of locks adapted to every requirement, the larger boxes

Entrance to the Main Floor Vault.

having combinations, which persons renting can adjust to please themselves. A very excellent view of the arrangement of the boxes and the interior of this vault is shown herewith.

The vaults at the main office have two entrances, each protected by two immense doors, which are supplied with superb combination time locks. The inside door weighs two tons and the outside door six tons.

Above the outer door will be seen an in-



Vault Interior, Showing the Boxes of Various Sizes.

Ladies' Reception and Coupon Room.

nocent looking piece of pipe. This is connected with the boilers in the engine room of The Mutual Life Insurance Company. In case of riot or any attempt by a mob to enter the vault the steam from the boilers—heated night and day, winter and summer—can instantly be turned on. No human being could stand near it and live, and the entire apartment would be made untenable.

The vaults are protected by electric bells and clocks, and are under the constant supervision of watchmen. The main office is also connected with the first precinct of the police department of the city of New York, and every time the vaults are opened and closed a signal is given to the police department.

Underground.

The separate rooms and vaults in the basement are well worth a visit. There is nothing gloomy about them. They are ponderous in their strength, but thoroughly ventilated. Entrance to each is guarded by double gates of inch and a half steel, and shining through these bars may be seen the ingots of solid silver.

One of the accompanying views shows the machinery for lowering the silver from

the sidewalk and a truck weighted with the precious metal on its way to the place of safe keeping.

There are special rooms for trunks, pictures, silverware, merchandise and other valuables, and special arrangements can be made for the temporary care of valuable property of almost any description. There is a charm about the place because it is so bright, light and airy in strong contrast to many of the dingy quarters devoted to storage purposes, or to safe deposit vaults located in basements.

Historical.

In 1901, the United States Safe Deposit Company was incorporated and started business at 73rd street and Broadway, and later on opened a branch at 125th street and Eighth Avenue. On February 1, 1909, it was merged with the National Safe Deposit Company of New York, the control of the National Safe Deposit Company of New York having been purchased by the United States Mortgage and Trust Company, which company controlled the United States Safe Deposit Company.

Biographical.

J. Lynch Pendergast, president of the merged companies, is one of the oldest men in the safe deposit business. For thirteen years he was assistant manager of the vaults in the Bank of the State of New York at 35 William street. In 1894 he was requested by Richard A. McCurdy, president of the Mutual Life Insurance Company of New York, to form the National Safe Deposit Company of New York, of which company he was secretary and manager for a number of years under the presidency of the late James C. Holden.

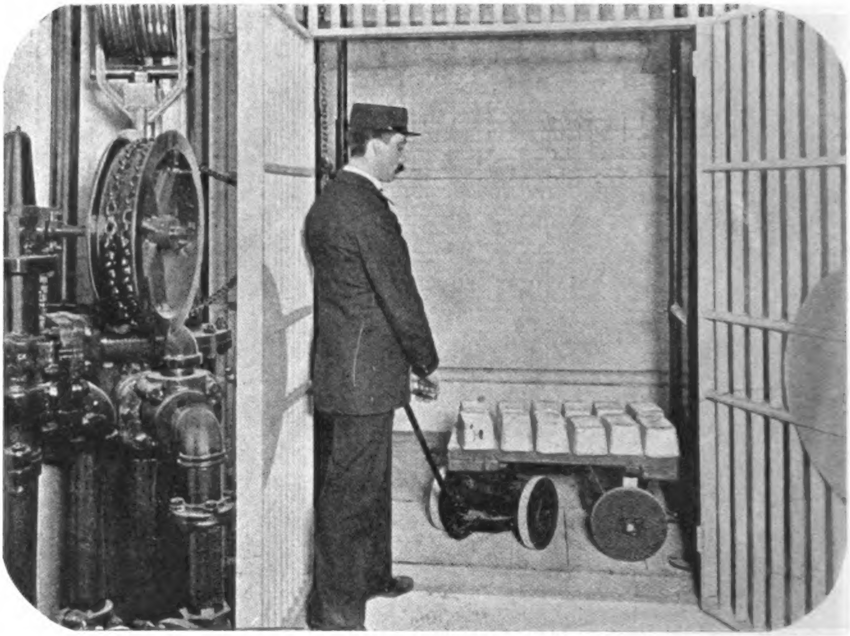
Commodious Private Room.

After the death of Mr. Holden, Mr. Pendergast was elected president of the company and held that position up to the time of the merger.

Mr. Pendergast brings in his new position as president of the merged companies a practical knowledge of the business that had proved of immense benefit to the National Safe Deposit Company and no doubt will do likewise to the merged companies.

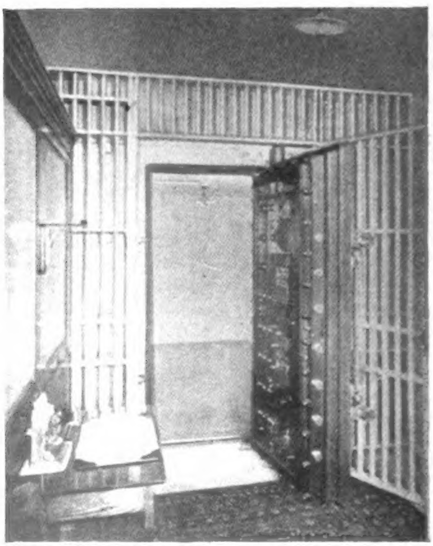
The capital of the United States Safe Deposit Company is $200,000. It has also a surplus of $100,000, and undivided profits of $78,907.22.

The officers of the United States Safe Deposit Company are: J. Lynch Pendergast, president; John W. Platten and Carl G. Rasmus, vice-presidents; Joseph Adams, secretary, and Ferdinand J. Claussen, treasurer.



Bullion Elevator and Hoisting Apparatus.

Those who make up the directorate are: Lewis L. Clarke, president American Exchange National Bank; David L. Gallup, comptroller Atchison, Topeka & Santa Fe Ry. Co.; Alexander J. Hemphill, president Guaranty Trust Company; William A. Jamsion, Arbuckle Bros.; John W. Platten, president United States Mortgage & Trust Co.; Mortimer L. Schiff, of Kuhn, Loeb & Co.; B. Aymar Sands, of Bowers & Sands; Arthur Turnbull, of Post & Flagg; James Timson, vice-president the Mutual Life Insurance Company; W. H. Williams, third vice-president Delaware & Hudson Railway Co.; J. Lynch Pendergast, president of the company.



One of the Smaller Safes and Coupon Rooms in the Basement for Corporations.

IMPORTANT CAPITAL INCREASE IN BOSTON.

An event of importance in New England banking circles is the recent increase in capital and surplus of the First National Bank of Boston, which took effect April 4th last. This increase further strengthens the position of this already strong institution and makes it in point of deposits as well as capital and surplus, one of the big banks of the country.

The situation on March 30, 1910, as compared with the same date two years earlier, was as follows:

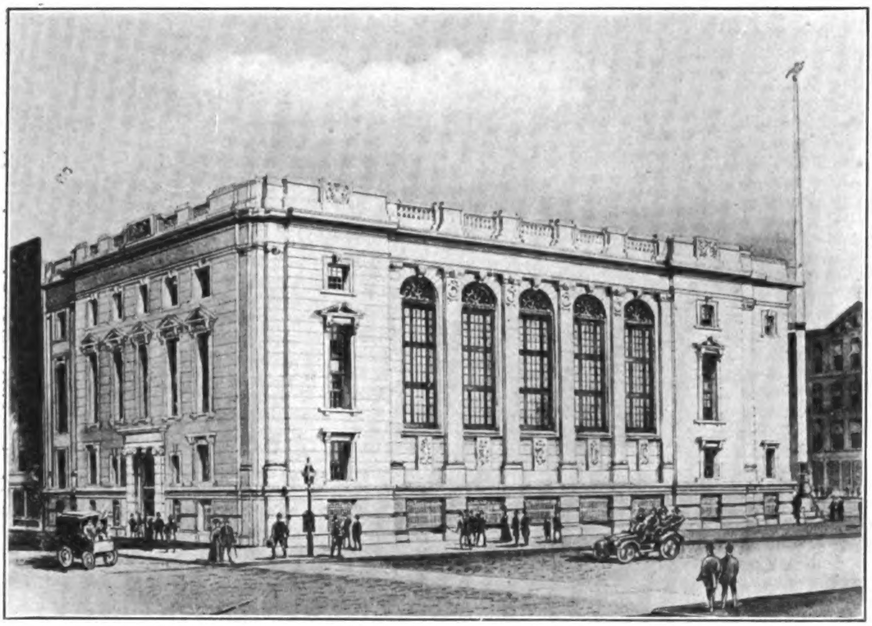
	Mar. 30, 1908.	Mar. 30, 1910.
Capital, surplus and profits	\$5,000,000	\$8,700,000*
Deposits	41,000,000	65,700,000
Total resources	54,000,000	75,000,000

The effect of the increase as regards safeguarding the public is concerned is indicated below:

Capital increased April 4, 1910, to	\$3,000,000
Surplus and undivided profits...	5,700,000
Stockholders' liability	3,000,000
	\$11,700,000

A bulwark of nearly twelve million dollars against any possible contingency insures absolute safety to the individual, trustee, or corporation depositor, while the increase in total resources to \$75,000,000 will enable the bank to extend at all times all needed accommodations and permit the handling of business of any magnitude.

The highly successful career of the First National Bank under the present regime may be attributed to an efficient management backed by a strong and active board of directors and supported by a loyal and steadily increasing body of depositors.

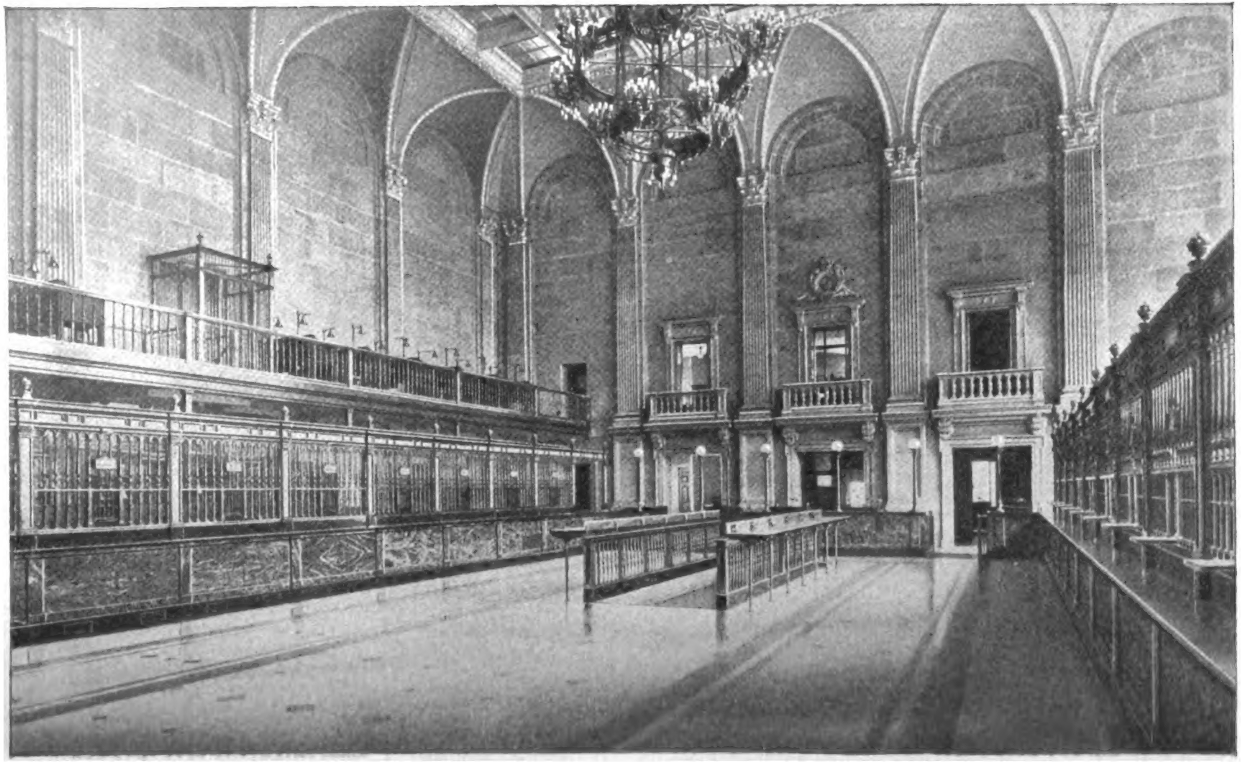


First National Bank Building, Boston.

As president, Daniel G. Wing, whose portrait appears as a frontispiece in this issue, has achieved a notable success. Coming to Boston as receiver of the failed Globe Bank, his career has been a succession of successes, culminating with the merger of the old National Bank of Redemption with the First National and the reorganization of the First on its present basis, with Mr. Wing as president.

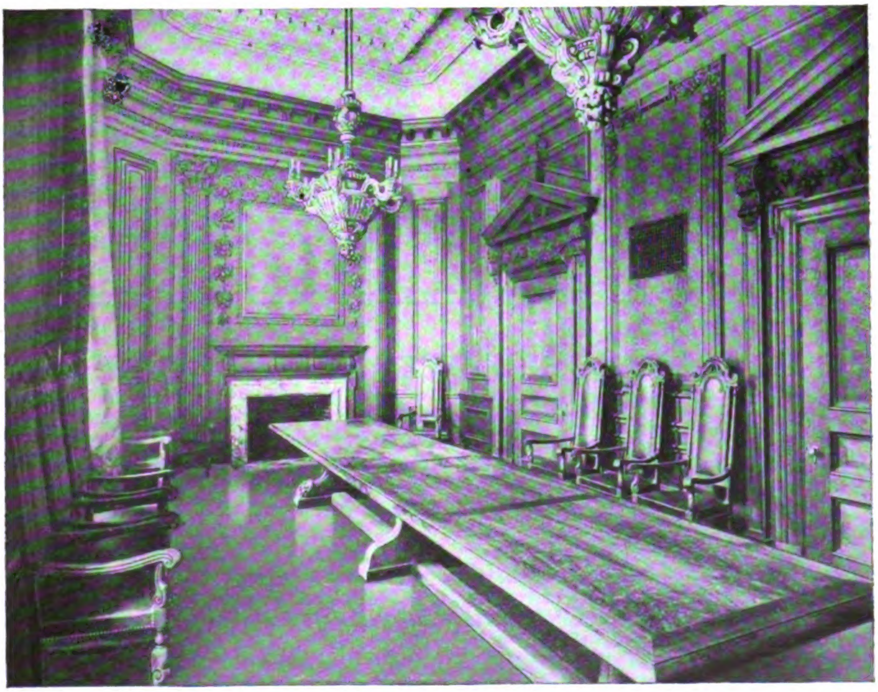
Mr. Wing has surrounded himself with able assistants and the various departments of the bank through which it is enabled to offer every facility to its patrons, are all in charge of experts. These departments embrace the Foreign Exchange Department, buying and selling exchange and foreign money and issuing letters of credit and travelers checks and commercial letters of

* Including new capital paid in April 4, 1910.



Main Banking Room, First National Bank, Boston.

President's Room, First National Bank, Boston.



Directors' Room, First National Bank, Boston.

credit; the Coupon Department, organized to collect promptly and safely coupons, bonds and other negotiable securities; the Registration Department, for the registration of stocks and other securities of corporations and notes of cities and towns; Safe Deposit Vaults, with every modern equipment, and a fully developed Credit Department.

This latter department, to which the bank has always given special attention, is constantly accumulating and classifying information as to securities and other investments and the credit standing of mercantile concerns throughout the country. It is prepared to make special investigations and to render unprejudiced opinions to customers upon request.

The new building of the First National which was opened about two years ago, has proved an important adjunct to the growth of the institution and provided equipment probably second to none in the country.

The board of directors, as at present constituted, is as follows:

Calvin Austin, president Eastern Steamship Co.

Edward E. Blodgett, of Blodgett, Jones & Burnham, attorneys.

Roland W. Boyden, of Ropes, Gray & Gorham, attorneys.

Charles F. Brooker, president American Brass Co., Waterbury, Conn.

George W. Brown, vice-president United Shoe Machinery Co.

John Carr, president Eliot Five Cents Savings Bank, Boston.

George A. Draper, treasurer Draper Co., Hopedale, Mass.

Robert J. Edwards, of the Edwards Mfg. Co.

Robert F. Herrick, of Fish, Richardson, Herrick & Neave, attorneys.

William H. Hill, capitalist.

Charles H. Jones, president Commonwealth Shoe & Leather Co.

Frederic C. McDuffie, treasurer York Mfg. Co. and Everett Mills.

Charles S. Mellen, president New York, New Haven & Hartford R. R. Co.

Charles A. Morss, treasurer Simplex Electrical Co.

Andrew W. Preston, president United Fruit Co.

N. W. Rice, of the N. W. Rice Co.

Wallace F. Robinson, capitalist, ex-president Boston Chamber of Commerce.

William Skinner, president William Skinner Mfg. Co., Holyoke.

Charles A. Stone, of Stone & Webster.

James J. Storrow, of Lee, Higginson & Co.

Hon. John W. Weeks, of Hornblower & Weeks, bankers; United States Congressman.

George R. White, president Potter Drug & Chemical Corporation.

Daniel G. Wing, president.

Sidney W. Winslow, president United Shoe Machinery Co.

The officers are, in addition to President Wing: John W. Weeks, George G. McCausland, Clifton H. Dwinnell and Downie D. Muir, vice-presidents; Frederic H. Curtiss, cashier; Palmer E. Presbrey, Edward S. Hayward, Bertram D. Blaisdell, George W. Hyde and Edwin R. Rooney, assistant cashiers.

AMERICAN INSTITUTE OF BANKING

A MOST NOVEL OVERAGE IN CASH.

By C. F. Hamsher.

"WE are one hundred and ninety-three dollars and fifty cents short," announced the bookkeeper to the cashier, in the little three-man country bank, one evening, when the president was away on his vacation. Check! Check! Check!

It was our custom when "long" to check the general debits, and then take the paid checks for the day, and see if all had been properly credited or were accounted for. As these were gone over, the adding machine lists of the exchanges with the other two banks in the town were checked when the endorsement showed that it had been received through this source. When the checks had been run through, the cashier asked the bookkeeper if all items on both clearing slips were checked and received an affirmative reply.

Going back to the cash, which had already been looked over, the cashier found among other checks filed as "cash items" (being checks of a stock shipper), one for $215 not yet checked, and bearing the endorsement of "the bank across the street." He called the attention of the bookkeeper to the item, who

ANDREW CARNEGIE

When at home at Skibo, in Scotland, the veteran golfer philanthropist is waked each morning by the piper shown in the accompanying cut. It is the duty of this piper to play the Scotch airs up and down the walls outside the window until certain the Laird of Skibo is up and about.

glanced carelessly at the slip, and noticing that all items were checked, replied, "checked."

The hour was late, and it was given up until the morrow, for a "long" always shows up—sometimes a "short" does not.

But the morrow brought no clearing up of the difference. The cashier met the representative of the Third Bank, at "the bank across the street," the next day, to clear, and in the conversation remarked, "We were over last night and didn't find it." "We were short and didn't find it," said the president of "the bank across the street." No comparison of amounts was made, however.

But the next day, waiting for the clerk from the Third Bank, the cashier again mentioned that they seemed to have a peculiar mistake somewhere and were unable to locate the error. The president of "the bank across the street" said that they had not been able to locate their difference either, but when asked the amount of the discrep-

The Piper of Carnegie's Reveille.

Skibo Castle.

ancy, replied indefinitely that "It was quite an amount." Our cashier remarked, "We were long one hundred and ninety-three fifty, and don't mind stating the amount because we want to find it."

"Why! Why!" said the president of "the bank across the street," "That is just what we were short."

Even then it took both banks a couple of hours to locate the cause for the difference.

It was found that the $215 check mentioned was one of those hurriedly and carelessly written checks, in which the maker in filling in the figures 2-1-5-0-0 made the naughts the same size of the other figures, and failed to put the decimal point after the figure five, and the last naught had evidently ran off the paper for lack of room, making it look like 2-1-5-0.

"The bank across the street" listed it on their clearing sheet as $21.50. Our clerk, in checking, checked by the figures of the check, rather than the written amount in the body.

After our checking up and the cashier had called the attention of the bookkeeper to the item, the bookkeeper had glanced at the slip to see if all items were checked, rather than at the *amount,* and in some way a check mark had been made opposite the item.

"The bank across the street," which was short, had evidently overlooked the item in some such way.

TESTS FOR BANK CLERKS.

THESE are said to be the latest tests for American bank clerks: Test for gambling propensity: Let the examiner have a ticker and a phonograph concealed in the room. During conversation set the ticker going and have a voice from the phonograph cry out:

Atchison up three points, or Reading off and going down, and carefully observe the result.

If the examined man appears to take no notice, he may be recommended for continuance in office, but if his lips quiver nervously and he thrusts his hands in his pockets, and his eyes flit back and forth, while his face flushes with anxiety, then the examiner should recommend that all the funds and securities be spiked down without delay.

Test for the drink peril: Place before the men different colored pieces of paper, with the names of the various liquids conspicuously printed upon them—water, coffee, beer, wine, whiskey, highball, etc. Ask him to glance rapidly at each in succession, and repeat often. Notice particularly on which his glance rests longest and to which it returns oftenest.

If his eye rests longest on water or coffee, the danger from a perverted appetite is minimized. But if his eyes are attracted by "highballs," then put out the red signal

in the report. A half second's lingering on the word "whiskey" is also a bad sign.

Test for domestic virtue or undue female influence: Let the examiner have some woman call up the cashier suddenly on the 'phone with a message something like this: "John, oh John, the baby has cut another tooth." The examiner should note the effect of this message. If the man seems elated, if his eye brightens and his voice softens, and he looks proud and happy, it indicates that he is safe in that direction. The baby anchor will hold in any gale. But if he shows indifference or vexation, the domestic tie is not strong enough to warrant absolute security. He will bear watching.—*Exchange.*

CUBAN CHAPTER OF THE AMERICAN INSTITUTE OF BANKING.

Work and Scope of the Organization.

As a stimulus to the scientific study and practice of banking in the Republic of Cuba, a group of seventy-five employes of the head office of the National Bank of Cuba organized, in December, 1909,

HERMAN OLAVARRIA

President Cuban Chapter American Institute of Banking; Cashier National Bank of Cuba.

the Cuba Chapter of the American Institute of Banking.

The Chapter, which is the first of its kind in Cuba, contains a provision in its articles of incorporation that any eligible officer or clerk of a bank or other local financial institution may become a member on election.

In the field of active labor of the organization, Herman Olavarria, president, and William H. Morales, secretary, have taken a conspicuous part. Both men are officers

W. H. MORALES

Secretary Cuban Chapter American Institute of Banking; Secretary National Bank of Cuba.

in the National Bank of Cuba, and with the co-operation given by the other members, the chapter bids fair to satisfy the highest expectations of its founders.

The home of the Chapter is in the National Bank of Cuba building, at Havana, where lectures according to the Chautauqua method are regularly given, and the full attendance at the meetings is suggestive that Cuba Chapter has come to stay.

The subject of commercial law, now in course of exposition, in its application to Cuba, is inspiring great interest among the students. The English side of the law is rendered by the secretary, who studied law in America, and the Spanish version by Dr. Luis N. Menocal, one of the bank's attorneys.

The personnel of the class is chiefly Cuban and Spanish, but embraces, with its American members and others, seven nationalities.

In view of the cosmopolitan character of the country and the commercial relations between Cuba and the outside world, a variety of banking systems, customs and languages becomes necessary to be welded in a single institution, and these are represented in the Chapter.

The constitution of the National Bank of Cuba, for example, is taken from the different great banks of the world, which are con-

DR. LUIS N. MENOCAL
Attorney for National Bank of Cuba.

sidered a standard for its operations; and, with a practical and a theoretical school at hand, the students of Cuba Chapter are put in possession of the most modern methods.

It is the intention to open new Chapters in all the cities of Cuba where the National Bank has branches, of which there are now twenty, so that the future scope of Chapter work and its effect on Cuban banking methods must be far reaching.

Although just created, Cuba Chapter can be called a success, and its pioneer work in this remarkable field is sure to bring forth good fruit.

The officers and members of the executive committee are as follows: President, Herman Olavarria; vice-president, Ernesto Fonts; treasurer, R. E. Ulbricht; secretary, W. H. Morales; committee members, Francisco Seiglie, Leland Rogers, Alfredo Ruz and Virgilio Vidal.

LIVELY MEETING IN SALT LAKE CITY.

AT a regular meeting of Salt Lake chapter, held March 24, M. L. Saville of McCormick and Company, won first prize, a watch fob with A. I. B. design, in the Burroughs Adding Machine test. His time for 150 checks was 2.33; second prize, a set of cuff buttons, went to S. E. Fernley of McCormick and Company in the time of 2.42, and third prize, a silk umbrella, given by the chapter, was won by John James of the Utah National in 2.51.

BANKING PUBLICITY

Conducted by T. D. MacGregor

BRAINS AND COURAGE IN FINANCIAL ADVERTISING.

TO advertise or not to advertise.

That is a question of prime importance to every banking and investment house to-day.

Profitable results are being obtained by houses which handle sound propositions and advertise according to correct, experience-tested principles.

This is a strong statement, but it is backed up by facts.

And facts are stubborn things.

Is not the *possibility* that your business can be increased largely by judicious advertising, as has that of others in the financial field, worth looking into?

It is not true that every banker or broker ought to advertise, or that he can always advertise profitably, but most of them can, *if they will advertise in the right way.*

There is no more striking proof that it is paying good investment houses to advertise than the great increase in the amount of financial advertising carried by the high class financial and general magazines.

It is only about three years ago that the general magazines began to pay particular attention to financial advertising. But the World's Work in its February, 1910, issue carried twenty-three pages of financial advertising, about fifty separate accounts; the Review of Reviews had about twenty pages or about fifty accounts; the Success Magazine had seven columns of it; the Outlook over nine pages, the Christian Herald and the Saturday Evening Post also carry a considerable volume of it. A few weeks ago the latter publication published a double-page "center-spread" advertisement of a Chicago bond house at *five dollars a line.*

PRACTICAL RESULTS OF A SAVINGS ACCOUNT

Computations showing accumulations of MONTHLY DEPOSITS of from one to twenty dollars in 1 to 10 years, when interest is compounded semi-annually at four per cent. per annum.

Monthly Deposit	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	Monthly Deposit
$ 1	$ 12.11	$ 24.81	38.01	51.75	66.03	80.91	96.37	112.47	129.21	146.63	$ 1
$ 2	24.43	49.89	76.35	103.89	132.55	162,57	193 39	225.67	259.25	294.19	$ 2
$ 3	36.72	74.96	114.72	156.02	199.10	243.92	290.52	339.02	389.50	442.00	$ 3
$ 4	48.99	99.97	153.01	208.21	265.63	325.37	387.53	452.19	519.47	589.47	$ 4
$ 5	61 28	125.04	191.38	260.40	332.20	406.92	484,64	565.50	649 64	737.16	$ 5
$ 6	73.54	150.06	229.68	312.50	398.68	488.32	581.60	678 64	779.60	881 64	$ 6
$ 7	85.79	175,05	267.95	364.57	465.11	569.71	678.53	791.75	909.55	1,032.11	$ 7
$ 8	98.05	200.07	306.21	416.63	531 51	651.03	775.39	904.77	1,039.37	1.179.41	$ 8
$ 9	110.31	225.11	344.55	468.81	598.07	732.57	872.49	1,018.07	1.169.55	1.327.13	$ 9
$10	122.58	250.10	382.78	520.82	664.42	813 84	969.28	1.131.02	1,299.30	1,474 36	$10
$11	134.82	275.08	421.02	572.86	730.82	895.16	1,066.14	1.244.04	1.429.12	1,621.68	$11
$12	147.12	300.18	459.44	625.12	797.50	976.81	1.163.42	1.357 54	1.559.50	1,769.62	$12
$13	159 36	325.16	497.66	677.12	863.84	1,058.10	1,260.22	1,470 50	1,689.26	1,916.86	$13
$14	171.60	350.12	535.88	729.12	930.18	1.139.36	1.357.00	1,583.44	1,819.02	2,064.12	$14
$15	183.92	375.24	574.30	781.40	996.88	1,221.04	1.454.28	1,696.94	1,949.38	2.212.04	$15
$16	196.14	400.20	612.50	843.36	1,063.16	1.302.24	1.550.98	1.810.76	2,079.96	2,360.10	$16
$17	208.40	425.20	650.76	885.42	1,129.58	1.383.60	1.648.09	1,923.07	2.209.56	2,507.81	$17
$18	220.70	450.30	689.18	937.72	1,196.28	1.465.30	1.745.19	2.035.99	2,339.05	2,654.95	$18
$19	232.92	475.22	727.32	989.68	1,202.54	1.546.54	1.841.92	2,149.15	2.468.84	2,800.54	$19
$20	245.18	500.26	765.64	1,041.74	1,328.98	1,627.82	1,939.08	2,261.56	2,598.89	2,947.88	$20

REAL ESTATE TRUST COMPANY, —311 FOURTH AVENUE— PITTSBURGH, PA.

$4,000,000.00 CAPITAL AND SURPLUS

This makes saving attractive.

Don't you think that good advertising must pay when that Chicago house, which is no novice in advertising, was willing to pay $6,000 for a single advertisement in one publication?

The Bankers Trust Company of New York has been doing a large amount of advertising for the Travelers' Checks of the American Bankers' Association. Mr. E. B. Wilson, manager of the advertising department, says:

> I can say that we are more than well satisfied with the results of the introductory year in our advertising campaign for Travelers' Cheques, and that we have such confidence in the publicity of the magazines and our copy to produce results that our list of publications has been considerably increased for this year.

The Title Guarantee & Trust Company of New York, whose advertising is handled by The Siegfried Company, specialists in financial advertising, has been doing extensive advertising in both magazines and New York newspapers with satisfactory results. In the magazines it has been advertising its guaranteed first mortgage certificates, an investment based on selected New York City mortgages and so arranged as to be very desirable for the moderate investor. In the New York papers this company uses space from two to three inches single column three times a week. The advertisements always appear on the general news pages and are at the top of the column surrounded by reading matter. The newspaper copy usually deals with the company's mortgages but also occasionally with the banking and trust features of the business.

The Bond & Mortgage Guarantee Company, whose account is also handled by The Siegfried Company, is likewise a consistent user of newspaper space with satisfactory results.

A strong proof of the efficacy of financial advertising in general, this statement on the subject by Advertising Manager R. S. Lanier of the Review of Reviews, is interesting:

> The strongest testimonial as to the effectiveness of good financial advertising is the presence in the January number of the "Review of Reviews" of fifty financial accounts, aggregating some eighteen pages at $250 a page. This represents a growth that steadily continued from March, 1908, when we had only about four pages of this kind of advertising.

There are several good reasons for the growth in this class of advertising.

The magazines editorially have been conducting a campaign of education among their readers on the subject of finance and investments which has created a highly responsive clientele for investment advertisers.

The circulation of these magazines has

increased enormously and is now at a very high point.

The magazine-reading public has increased rapidly within the last five years, new converts being made by the thousands. The proprietor of a comparatively new magazine which has made quite a hit is of the opinion that one-half of his present subscription list consists of people who had seldom, if ever, subscribed to a magazine.

The financial advertisers have greatly strengthened the "copy," or text matter, of their announcements, being assisted greatly in this respect by the "service" advertising agencies which are handling their accounts.

The general industrial and commercial situation in the country at large is such that there is a lot of money available for good investments at this time, notwithstanding the talk about the higher cost of living, which, as a matter of fact, makes people realize the wisdom of making their money work for them.

These things spell success for the financial advertiser who goes into a campaign wisely directed and with the determination to carry it out courageously.

PROCURING NEW SAVINGS AND COMMERCIAL ACCOUNTS.

By Silas W. Hatch, 1510 Masonic Temple, Chicago, Ill.

Mr. Silas W. Hatch has secured 78,000 new savings accounts and over 10,000 new commercial accounts for various banks throughout the country in the last six years. His method is to personally and systematically solicit the head of every business concern, the head of each household, and the wage-earner, explaining fully the facilities, rate of interest, location, safety and advantages of both savings and commercial accounts with the institution he represents, and he receives pay only on actual results. On account of his successful experience he speaks on his subject with authority.

THE great mass of people and a great many business men lack confidence in banking institutions because their facilities, safety and advantages have never been explained thoroughly, and they do not realize what a bank can do for them. Take, for instance, the commercial banks. Hundreds of good commercial accounts could be obtained if the people were properly approached or the bank advertised in such a way as to gain the confidence of and show a business man or woman how a good bank could, and is willing to, help him in expanding his business legitimately. The ignorance that exists among many people in regard to commercial accounts is surprising, not because the public is uneducated, but for the simple reason that the bankers have never taken the public into their confidence and explained the safety,

SILAS W. HATCH

A Man Who Creates Business For Banks.

the convenience, the cleanliness, the check on their expenditures, the business prestige and the various advantages of check accounts. There is a great deal of ignorance on the subject of deposits and loans for commercial purposes, and certificates of deposit and their many advantages have never been explained to the public at large as they should be. Why the bankers have not taken the public into their confidence and explained the one-hundred-and-one advantages and talking points of their various institutions, is beyond comprehension. If the bankers could be made to realize this, millions of hoarded dollars would soon be in the various banks, where they belong. The average wage-earner knows nothing of banking methods. You will find very few people, even those dealing with the savings banks today, who know who the officers and directors are, of the bank they deal with. Very few know what the capital or surplus of a bank is. No one ever explained to them that the capital and surplus of a bank stands between the depositors and any loss, or how the law protects and safeguards their deposits, and why their money is safe. If, when new accounts were opened, these points had been explained, they would have been no more such panics as we went through in 1907. It is the fault of the bankers that this condition exists, and until the public at large is better posted

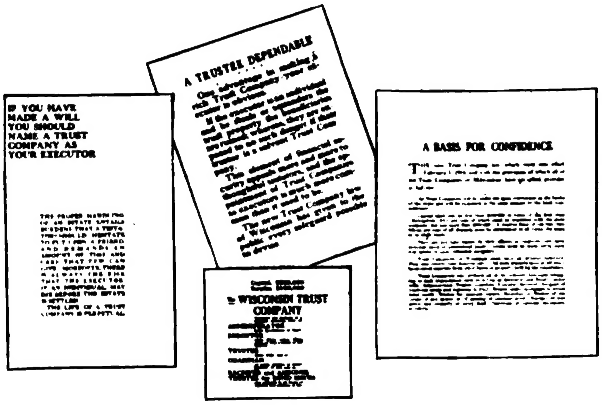
on modern banking methods, the old stocking and the sugar-bowl will continue to be the hiding places for money that should be making money for both depositor and banker.

UNIQUE TRUST COMPANY ADVERTISING.

HOW THE FOUR TRUST COMPANIES OF MILWAUKEE ARE CONDUCTING A CO-OPERATIVE EDUCATIONAL CAMPAIGN.

By Mortimer I. Stevens, Manager Advertising Department, Wisconsin Trust Company, Milwaukee.

IF every reader of a daily paper in Milwaukee and throughout the State of Wisconsin does not become fully conversant with the many and varied duties of a trust company it will not be the fault of those who are "footing the bills" in one of the most unique educational campaigns, perhaps, in the history of trust company advertising.



Though conducted by and for the direct benefit of the Wisconsin Trust Company, Milwaukee Trust Company, Fidelity Trust Company and the Citizens Trust Company, all of Milwaukee, no names appear in either the display ads. or in the reading matter which accompanies same, and it is due to this latter fact that an amount of publicity has been obtained of far greater value than the usual commercial ad.

Realizing the ignorance of the general public as regards the various functions of a trust company, Mr. Oliver C. Fuller, president of the Wisconsin Trust Company, devised this scheme of co-operative advertising which has attracted more than usual attention from the banking fraternity. In brief, a certain sum of money has been set aside to cover the year's work. Ads. of varying space and treating of the various phases of the new trust company law of Wisconsin have been placed in all Milwaukee dailies. These are clear, concise ads. informing the public in plain English of the different things which a trust company can do under the law and how such companies, in all manner of trusts, are manifestly better and safer than the individual. Copy is constantly changed and some new fact is driven home. Once each week, the different papers publish in their general news columns an article pertaining to such matters which is prepared under the direct supervision of Mr. Fuller.

Unlike a commercial organization having something tangible to sell the trust company must reach the public in another way. It is an easy matter for the public to understand the merits of some new breakfast food—that, at least, is something tangible; but it is quite a different matter to make this same public understand the merit and value of something which it cannot take home for investigation. The trust company has its integrity, its knowledge and its co-operative powers to sell—nothing else.

To this extent all trust companies are alike and where a number are competing for business in the same city it is manifestly unfair for one or two of these companies to advertise these qualities and to permit one or two laggards to reap an equal benefit without expense.

In all probability the campaign of the trust companies of Milwaukee will be copied in other cities and the advertising expense may be shared proportionately.

BANK BOOKLETS.

BANK OF BATON ROUGE, Baton Rouge, La. Good leaflet giving facts about growing corn successfully and also about building a bank account.

Honesdale (Pa.) Dime Bank. "Banking Hints to Bank Customers." A stock booklet.

Title Guarantee & Trust Company of New York. "Some Things the Title Guarantee & Trust Company can do for its clients in its Trust and Banking Departments." A complete and effective presentation.

Dallas (Tex.) Trust and Savings Bank. "A Safe Place." A good general banking booklet.

Penfield Avenue Bank, Lorain, O. "Where Thieves Break Through and Steal." A good safe deposit booklet.

First National Bank, Montgomery, Ala. A well written and printed booklet explaining the advantages of a bank account. Specially good cover giving view of the bank's interior.

Bank of Pittsburgh, N. A. "Hundred Mile Posts on the Financial Highway of the Bank of Pittsburgh." A splendid historical bank booklet. Send for it.

The Columbus (O.) Savings & Trust Company. "Banking By Mail." Good. A specially appropriate cut is that of an envelope addressed to the bank. This is on the last page of the booklet.

Fidelity Title & Trust Company, Pittsburgh. An excellent booklet explaining in detail the services offered by the different departments of this strong institution.

BOOK REVIEWS

The Copper Handbook, Vol. IX.

We have received the ninth annual edition of the Copper Handbook, edited and published by Horace J. Stevens, Houghton, Mich. This work, which has become a standard authority on the subject, has, in its latest edition, 1,628 octavo pages, containing considerably more than a million words, and in addition to the miscellaneous chapters, lists and describes no less than 7,751 copper mines and copper mining companies in all parts of the world. The mine descriptions are the same as in the preceding volume, except that upwards of 800 new titles have been added, covering descriptions not contained in any previous edition. The chapter of statistics, containing upwards of forty tables, treating of copper from almost every conceivable standpoint, has been fully revised and brought as nearly as possible to date.

The miscellaneous chapters of the book, twenty-four in number, treat of the subject of copper from a great variety of viewpoints, including the history, chemistry, mineralogy, metallurgy and uses of the metal, and this section of the book also has chapters devoted to substitutes, alloys, brands and grades, and a copious glossary. The price is $5.

The Earning Power of Railroads. 1910 compilation of this work by Floyd W. Mundy of Jas. H. Oliphant & Co.

This year's edition of the Earning Power of Railroads is very complete and comprehensive and presents vital statistics regarding earnings, mileage, capitalization, tonnage, etc., in such a way as to permit of easy comparison between those of each railroad. Because of the accessibility and reliability of the information, there will no doubt be quite a demand for copies.

Every-Day Ethics. New York: Yale University Press. (Price $1.25, net.)

No more stimulating volume could be put into the hands of the young man of business than this collection of addresses delivered in the Page lecture course before the Sheffield Scientific School of Yale University. The contents include: Journalism, by Norman Hapgood; Accountancy, by Joseph E. Sterrett; Lawyer and Client, by John Brooks Leavitt; Transportation, by Charles G. Prouty, and Speculation, by Henry Crosby Emery.

Goodyear's Bank Accounting With Business Practice by Office and Tablet Methods. Cedar Rapids, Ia.: Goodyear-Marshall Pub. Co. (Price $1.00.)

A complete, concise treatise, covering every detail of bank accounting, and especially adapted to class study. With the teacher's form book, it becomes a simple matter to check up all the work as it is done and to prove accurately the correctness of all transactions. Special chapters are devoted to the work of the tellers, and the student is required to keep a teller's cash sheet and pay all withdrawals in college currency.

A BANK BUILDING FOR A NARROW LOT.

By Charles E. White, Jr., Architect, A. A. I. A.

THERE is nothing in American architecture that has advanced more in the last dozen years than bank building design. In almost every town in this broad land there is at least one modern bank building, designed by an architect of sufficient education and talent, to produce a sane, dignified, architectural effect. As a rule, the earlier bank buildings in America were crude and uncouth. In early days a bank was usually built on a prominent corner, like a general mercantile building. It was the invariable custom to cover the building with profuse ornamentation, and the roof line usually extended up into towers and turrets and other architectural excrescences. It seemed to be the general idea that a bank building ought to attract attention in a sort of spectacular, fire-works-display manner. As the world advances and human beings become more highly educated, the general conditions of public taste improve.

Classical Type Overdone.

At the present time the better class of bank buildings are totally opposed to those in days gone by. Nine-tenths of the new bank building designs are built along classic lines. The Greek cornice and Greek column is used, as a rule, intelligently and with good taste so that a facade of Greek architecture now seems to belong to bank building architecture. The tendency, however, is to make monotonous the architecture of our bank buildings, by too close an adherence in the design to Greek and Roman traditions. This country is not Greece, nor do we dress, think and live like Romans. America is a totally different country, with its own ideas. Its architecture should be expressed in its individual way.

It should be, then, the aim of the architect, to broaden and progress to a higher and more individual American type of architecture. It is only too true that many of the Greek designs for bank buildings are cold and gloomy in appearance. The severe lines of the Greek temple sometimes used in bank buildings are tomb-like and depressing. It is to be hoped that the next decade will correct this tendency.

The bank building problem here illustrated is typical of problems in the majority of our towns.

It has been found in actual practice that the most prominent corner in a town is better for a mercantile business than a bank business. Careful investigation of business conditions has revealed the fact that a bank, on the most prominent corner of a town, is apt to depreciate business activity because it closes so early in the day.

It is a psychological fact that a place of business, when closed, with shutters or drawn curtains, during that period of the day which is ordinarily active in other lines of business, has a dampening effect upon general business in its immediate vicinity. Bankers are, therefore, more often locating their banks on the side streets, just off the main thoroughfare. They are also more and more confining their building to the immediate needs of their own bank. Probably seventy-five per cent. of the smaller bank buildings today are simply large enough to house the banking institution alone. For this reason the twenty-five foot inside lot is used perhaps more frequently than any other, though a twenty-five foot lot is an exceedingly difficult one for which to design a bank building. By reason of its scant width and great length, it is necessary to consider the proportions of the building very carefully, especially as regards height, in order to produce the right effect in the design.

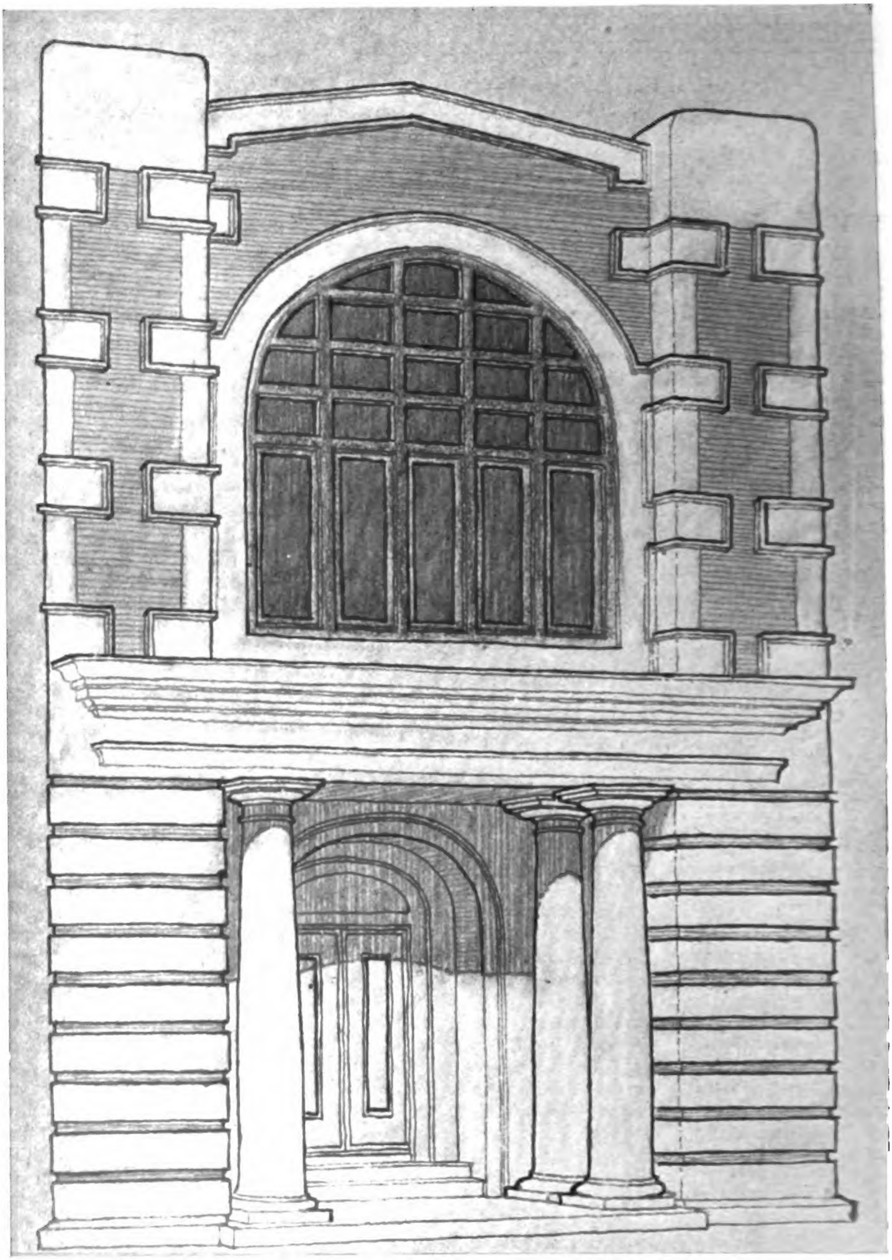
The bank building illustrated here, recently designed for the North Side, Chicago, is such a problem. Every property of perspective was ingeniously taken advantage of to produce a sensible, dignified, architectural design.

Greek columns and a Greek cornice are used, but they are applied in a free, individual American manner.

The entrance way is up three steps from the sidewalk and recessed into the building. From this a vestibule leads directly to a public space, flanked by a ladies' room on one side and the president's office on the other. The bank space extends up to a height equal to the ordinary two-story building. A large bronze and glass window in the recessed front of the building over the entrance door, supplemented by skylights in the ceiling, gives light and air.

In treating the facade of a bank, one should be careful to give the true feeling of a banking institution to the design. It should be dignified and stable, and, above all things, should look like a bank and nothing else.

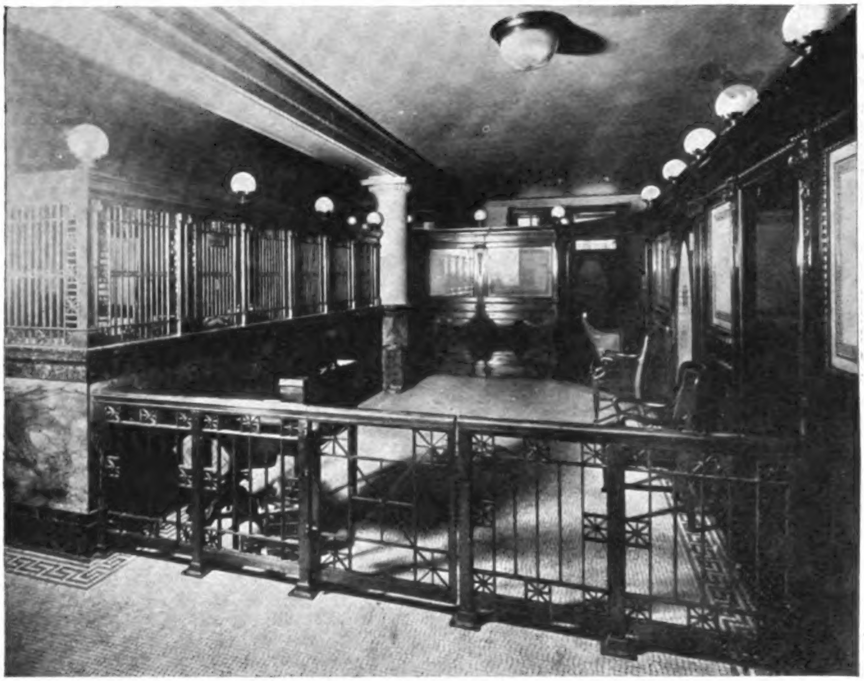
The materials must be absolutely of the



Bank Building for a Narrow Lot.

best, and the construction should be first class in every particular. Customers will respond more quickly and will more willingly place their money in an institution of this character. A successful banking business must be permeated with a spirit of trust and conservative, sound business methods. This should, by all means, be evident in the design.

The building illustrated here is of Bedford stone and red brick. The bronze doors and grill are a warm, rich green.



General View of Corridor and Banking Screen.

J. B. RUSSELL AND COMPANY.

Photos by Oliver Lippincott, N. Y.

WHEN first established in 1896, J. B. Russell and Company had their principal offices in Wilkes-Barre, Pa. Then as the business developed branches were openea in several Pennsylvania and New York cities. In 1901 a Chicago office was added, which financed the construction of the Illinois Tunnel Company's property. At about the same time another branch office was opened in New York city which became in 1905, the principal offices, with quarters at 46 Wall street. The present branch offices are located in Chicago, Wilkes-Barre and Scranton, Pa., Binghamton and Elmira, N. Y.

Mr. Russell, who established the firm, acquired his preliminary business training in the Wyoming National Bank of Wilkes-Barre, Pa. He is now in direct charge of the banking and investment activities.

A. G. Wheeler, Jr., one of the original partners with Mr. Russell, holds memberships on the New York Stock Exchange and Chicago Board of Trade and is in charge of the board room and stock exchange departments of his firm.

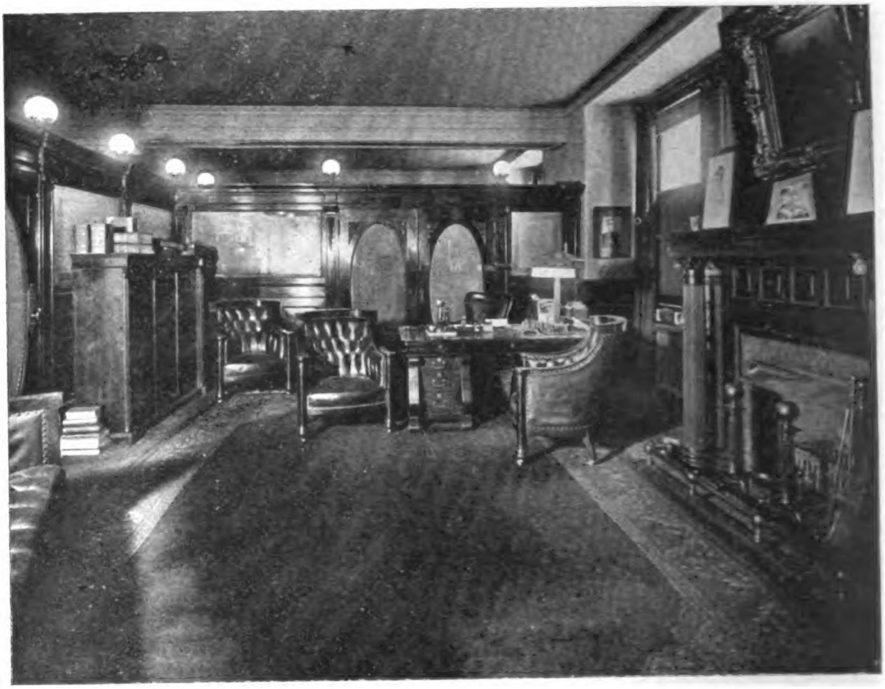
John W. Shaw, of J. M. Shaw & Co., another of the partners, has been a stock exchange member for twenty years, and has taken an active part in the development of this side of the firm's business. He personally directs the execution of all stock exchange orders.

Grant Pelton, the fourth member of the firm, is located at Scranton, Pa., in charge of that office and the branch offices at Wilkes-Barre, Binghamton and Elmira.

J. B. Russell and Company deal in high-grade bonds of every character and have financed a number of enterprises of their own creation, notably the O'Gara Coal Company, one of the largest coal corporations in the Middle West; the Automatic Electric Company, which manufactures the telephones that do away with the operator and are coming into general use; the George W. Jackson, Inc., a company doing a large contracting business operating the largest steel fabricating plant in Chicago; and the sixty mile subway system of Chicago.

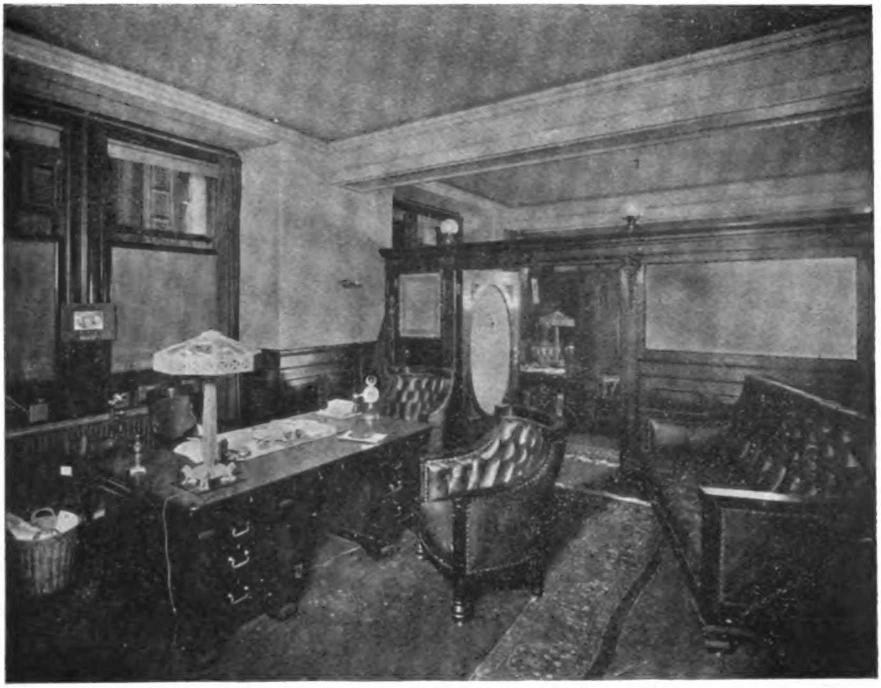
In order to keep in constant touch with the Chicago office, J. B. Russell and Company have secured and maintain an exclusive twenty-four-hour wire between New York and Chicago.

The new mahogany stock board in the New York office is the latest word in that particular mechanism of stock trading. In its construction the experience gained by the makers elsewhere has been fully utilized and a number of improvements have been introduced. The furnishings throughout the

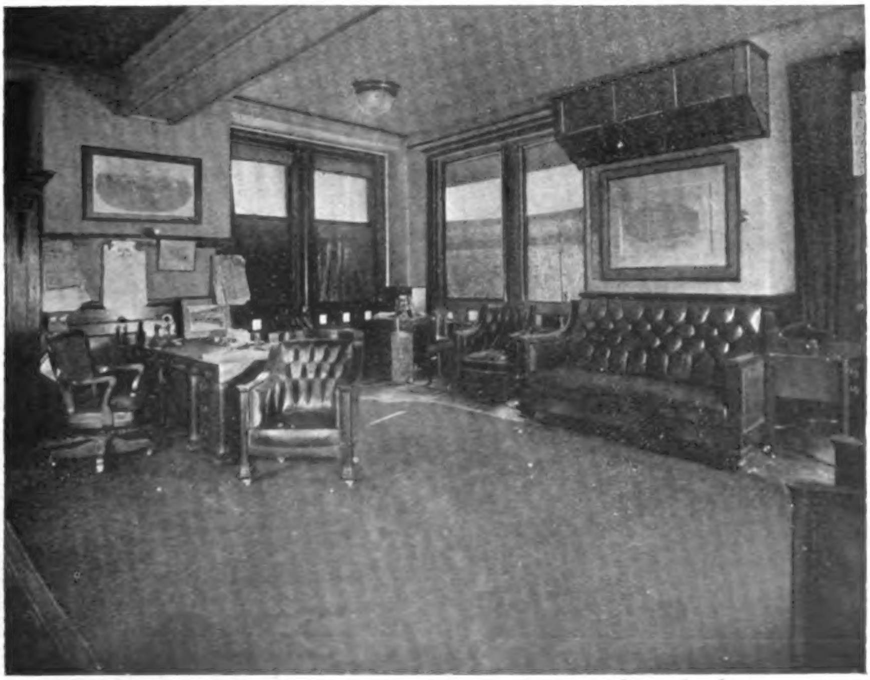


Private Office of J. B. Russell.

Private Office of A. G. Wheeler, Jr.



J. M. Shaw's Private Office.



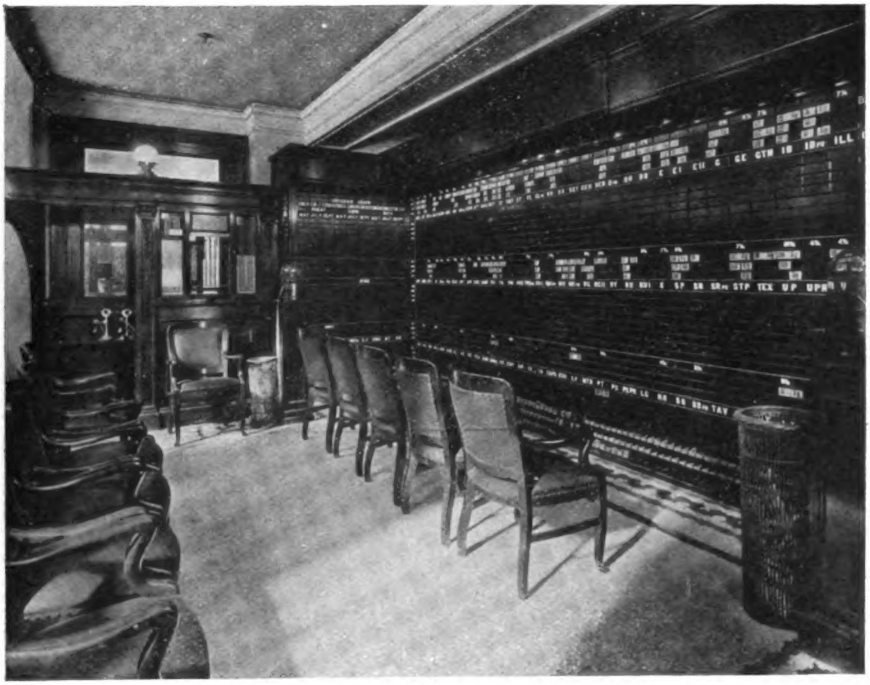
Customer's Room.

J. B. Russell.

A. G. Wheeler, Jr.

J. W. Shaw.

Customers' Vault.



Stock Quotation Board.

Wall Street offices are rich in their design and finish and there are many accommodations for customers. One service in particular that customers appreciate is the use of safety deposit boxes installed in a large vault on the premises.

In addition to the two seats the firm holds on the New York Stock Exchange, J. B. Russell & Company have memberships in the New York Produce Exchange, Chicago Stock Exchange and Chicago Board of Trade.

NEW YORK BANKING AND INVESTMENT HOUSE OF BLAKE AND REEVES.

Photos by Oliver Lippincott. N. Y.

THIS firm was founded January 1, 1906, by Alexander V. Blake and Edward D. Reeves, with an office at 18 Wall street. Before the expiration of one year larger offices were taken at 43 Exchange place. During the year 1907 the business increased to such an extent that the firm had to secure still larger offices at 5 Nassau street, and in August, 1907, they moved into the offices at 34 Pine street, where they are at the present time. Wm. D. Shivers was admitted into general partnership, October, 1907.

The firm has always maintained a large street brokerage department for the execution of orders in bonds between the banking houses in New York and other cities, and a large number of brokers are employed for the sole transaction of this branch of the business.

The present offices at 34 Pine street are furnished throughout in heavy quartered oak, and the general arrangement consists of a large room for the brokerage department, the cashier's and banking department, the telephone room and general working department, the statistical department, the private offices of Mr. Blake, Mr. Reeves and Mr. Shivers. It is more than likely that extensive additions to the present offices will be made in the near future.

Blake and Reeves specialize in the highest class of railroad and industrial bonds and their service to buyers of these issues is complete and satisfactory.

In the fall of 1909, Mr. Reeves made a trip through the west to look over the irrigation development. This trip resulted in the firm handling the first mortgage bonds of the North Platte Valley Irrigation Company, at Douglas, Wyoming.

Although the firm commenced business during the prosperous times just preceding

Alexander V. Blake.

Edward D. Reeves.

Wm. D. Shivers.

Lawrence H. Stone.

Brokerage Department.

Private Office of Mr. Blake.

Private Office of Mr. Reeves and Mr. Shivers.

Statistical Department.

the panic of 1907-8, they acted with such conservatism during that period of extreme depression that their business constantly increased as it has continued so to do up to the present day.

PERSONNEL.

Mr. Blake is a native of Brooklyn, and started his financial training with Messrs. Baring, Magoun & Co. Besides being a member of the firm he is a director of the Audubon National Bank, of New York, a member of the St. Nicholas Club, of New York, and the Ardsley Club, at Ardsley-on-the-Hudson.

Mr. Reeves was born in Philadelphia and attended the Johns Hopkins University, and the University of Maryland Law School. He started business with the Seaboard Air Line Ry., in Baltimore, and later came to New York where he was associated for a number of years with the Stock Exchange firm Judson & Judson. He is a member of the Ardsley Club, the Alpha Delta Phi Club, of New York, the St. Nicholas Club, of New York, the Seabright Lawn Tennis & Cricket Club of Seabright, N. J., and the Southern Club of Philadelphia.

Mr. Shivers was born in Camden, N. J., and began his financial career with Hancock & Co., bankers, of Philadelphia.

Mr. Stone, the cashier, has been associated with the firm almost from its inception. He is a native of New York and graduated from the university college of New York University and the New York University Law School. He is a member of the St. Nicholas Club, New York; the New York Athletic Club and the Zeta Psi Fraternity.

The firm aside from its bond brokerage department has established a large investment business with institutions and investors, whose confidence has been secured by following a policy of conservatism and fairness.

The firm is a member of the American Bankers' Association and has a corps of salesmen traveling throughout the country.

THE MERCHANTS SAVINGS & TRUST COMPANY, PORTLAND, OREGON.

ON the second day of July, 1906, the Merchants Savings & Trust Company of Portland, Oregon, having been organized under the Oregon State laws to carry on a general banking and trust business, was opened to the public. Last September the company removed to roomy, well-lighted and conveniently arranged quarters in the

J. FRANK WATSON
President.

R. L. DURHAM
Vice-President.

Merchants' Trust Building, corner of Sixth and Washington streets, the most conspicuous and central banking location in Portland.

Under competent management the Merchants Savings & Trust Company has made remarkable progress since organization and the removal to better quarters last fall, was made because the old home had been outgrown.

Security and conservatism are its watchwords. It aims to be uniformly courteous to its patrons, giving consideration and attention to small and large interests alike. It does not restrict the amount of its deposits. It endeavors to encourage the essential twin habits of success—savings and method. Its officers and employes are always approachable and considerate. Co-operation characterizes its every transaction. Strict confidence is maintained whatever may be the nature of the business.

Four separate and distinct departments are maintained: Commercial, Savings, Trust and Realty. Each department is under the personal direction and supervision of an officer peculiarly qualified to direct the particular business of his respective charge.

Commercial.

This department cares for all of the banking transactions of the company, aside from the savings, and includes checking accounts, collections, foreign and domestic exchange, etc. As it is a prominent feature of the business, special regard for its expeditious management is considered in the banking arrangement.

Savings.

The savings feature has always had special consideration and its appreciation is shown in the fact that the aggregate of this form of deposit is steadily keeping pace with the total of the commercial accounts, on which latter the company pays no interest.

Exterior Merchants Savings & Trust Company, Portland, Oregon.

Trust.

This department of the business has grown so rapidly that at the present time the current business on the company's books will exceed seven million dollars. In addition to the consideration given this department by the officers of the company, the trust officer gives all his time and talent thereto. The most approved and modern methods are employed, and every safeguard that can be conceived is utilized in perfecting the working machinery of this department.

Realty.

In the development of the other departments of the company, and especially that

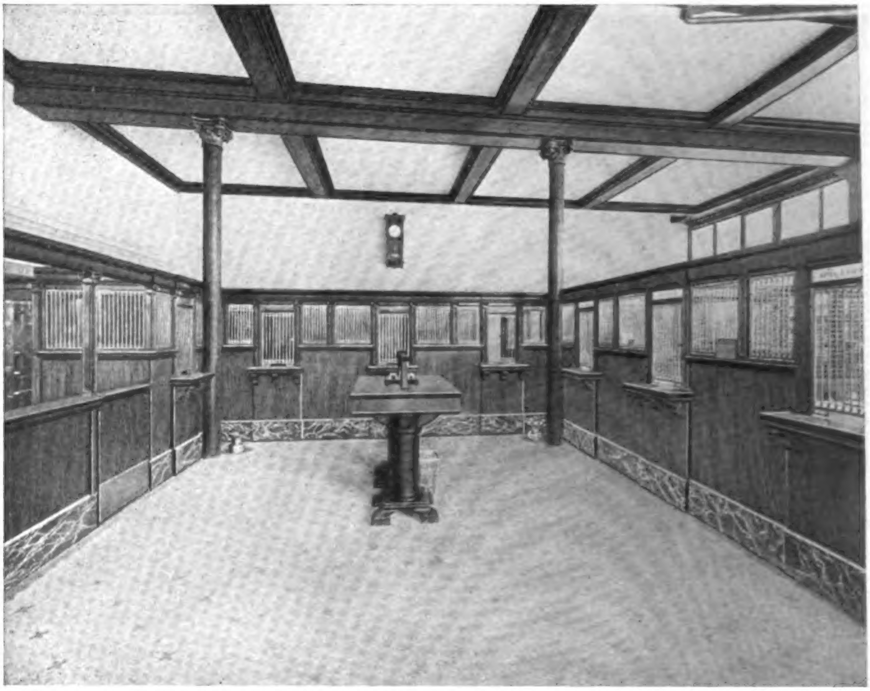
PHOTO BY OLIVER LIPPINCOTT, N. Y.

W. H. FEAR
Secretary.

O. W. T. MUELLHAUPT
Cashier.

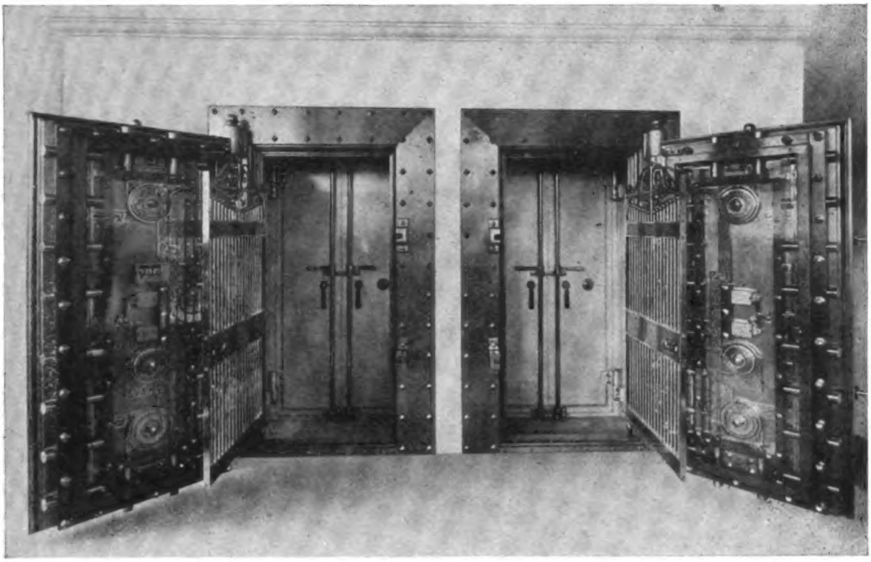
E. M. HULDEN
Asst. Cashier.

GEORGE N. DAVIS
Trust Officer.



Main Banking Room.

Office of Secretary and Trust Officer.



Safe Deposit Vaults.

of the trusts, it was found necessary to provide a means of caring for and disposing of real properties placed in charge of the company. The result was the establishment of a Realty Department, in which properties are handled strictly on commission. Nothing having appearance of the speculative is considered.

PRESIDENT.

The president of the company, J. Frank Watson, is also the president of the Merchants National Bank of Portland, a banker of large experience and ability, and a resident for many years of the city of his adoption.

VICE-PRESIDENT.

R. L. Durham, the vice-president, is also vice-president of the Merchants National Bank, and has been engaged in the banking business for many years.

SECRETARY.

The secretary of the company, W. H. Fear, has in charge the active management and control of the company's business. His line of work has always been of a financial nature, and has especially qualified him for direction of the many-sided activities of a progressive trust company. He took charge of this company at the inception of its business and knows every step of its development.

CASHIER.

The cashier, O. W. T. Muellhaupt, has risen in the banking line from the bottom to his present position, and with his thorough and technical knowledge of accounting, is especially qualified for the duties devolving upon him.

ASSISTANT CASHIER.

E. M. Hulden was recently elected to the position of assistant cashier. His banking experience, covering his business activities to date, enables him to bring to the position the essential requirements for the proper discharge of his duties.

TRUST OFFICER.

The trust officer of the company, George N. Davis, is equipped with a thorough legal training, is admitted to practice in all of the courts of the state and before the Supreme Court at Washington, and is conversant with the multiform requirements of this department. No phase of the business of the company is of greater moment than the transactions in this department. They are kept entirely separate and distinct from the other business of the company.

A special feature of this department is the issuance and marketing of bond issues of which this company serves as trustee.

On April 9, 1910, the Merchants Savings & Trust Company of Portland, Oregon, reported as follows: Loans and discounts, $250,502.08; overdrafts, none; bonds and securities, $169,157.72; real estate, $39,614.19; cash and due from banks, $292,597.99; total resources, $751,871.98; capital, $150,000; undivided profits, $39,994.98; deposits, $561,877; total trusts, over $7,000.000.

THE PUBLIC BANK OF NEW YORK,

DELANCEY AND LUDLOW STREETS.

Photos by Oliver Lippincott, N. Y.

THE rather remarkable success achieved by this bank rests upon the ability it has shown in meeting the needs of the thousands of small merchants and business men located in the congested east side district of New York City who have need of banking service, but yet find it impracticable to deal with any of the great Wall Street banks.

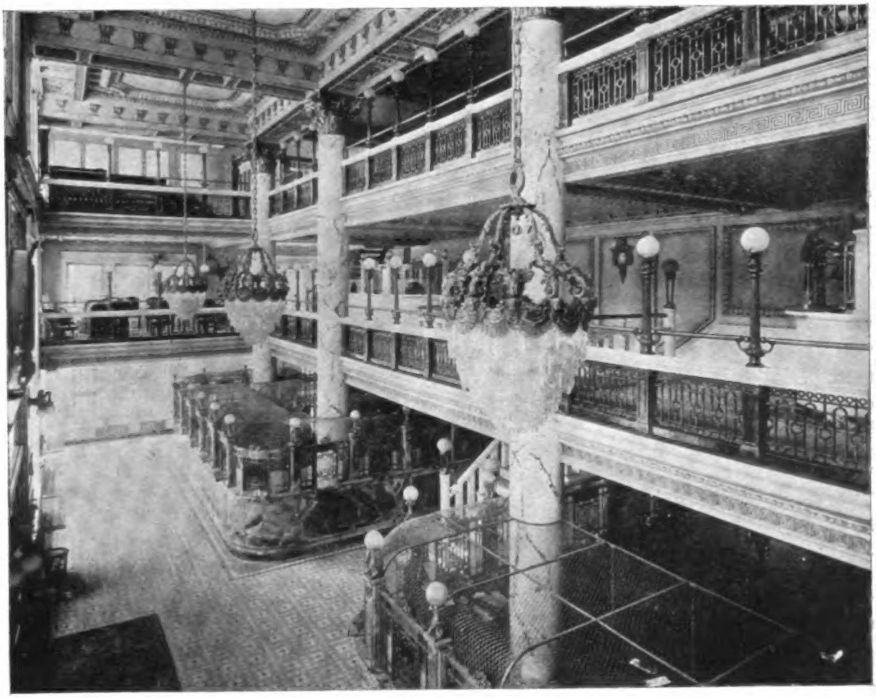
The Public Bank of New York, Delancey and Ludlow Streets.

Realizing the importance and the opportunity of furnishing these thrifty citizens with a convenient depository for their earnings, Joseph S. Marcus, in January, 1907, established his private bank at the corner of Delancey and Orchard streets.

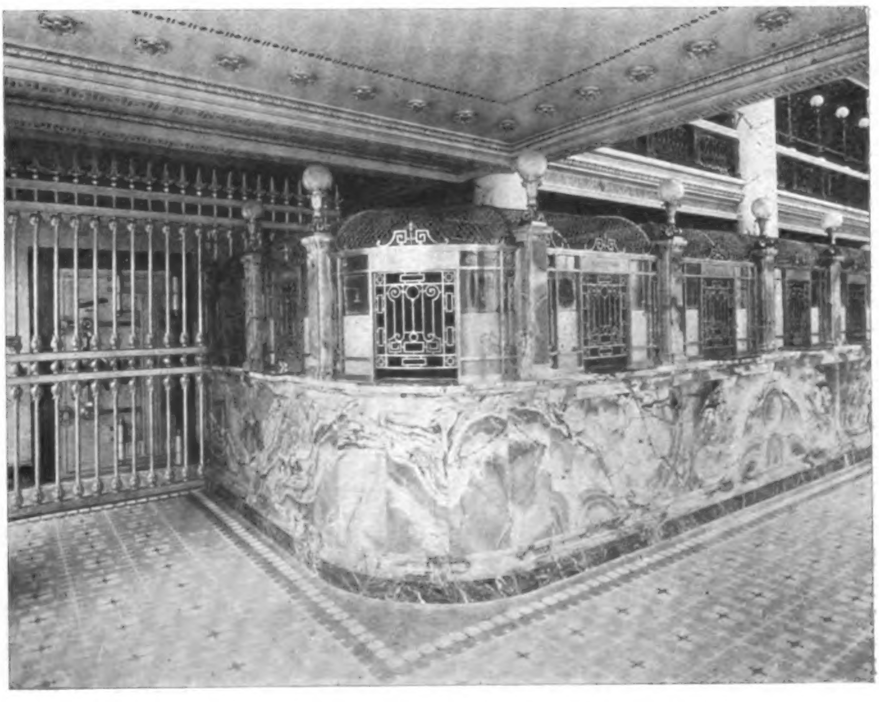
Mr. Marcus, as a manufacturing clothier selling direct to the trade through his store in that neighborhood, was so well and favorably known that his entry into the banking business received enthusiastic endorsement and support. Deposits began to pour in, until at the end of the first year's business they amounted to over $1,000,000. It was Mr. Marcus' opinion at that time that his enterprise was becoming too large to be run as a private bank, and he immediately took steps to have the business incorporated as a State bank. This was accomplished April 22, 1908, and the name selected for the enlarged institution was The Public Bank of New York.

Business continued to grow. Indeed the volume of it was such that the old banking rooms, although enlarged several times, were nowhere large enough to accommodate the extra furniture and employes.

Wisely deciding to build, the management secured a plot of ground, having a frontage



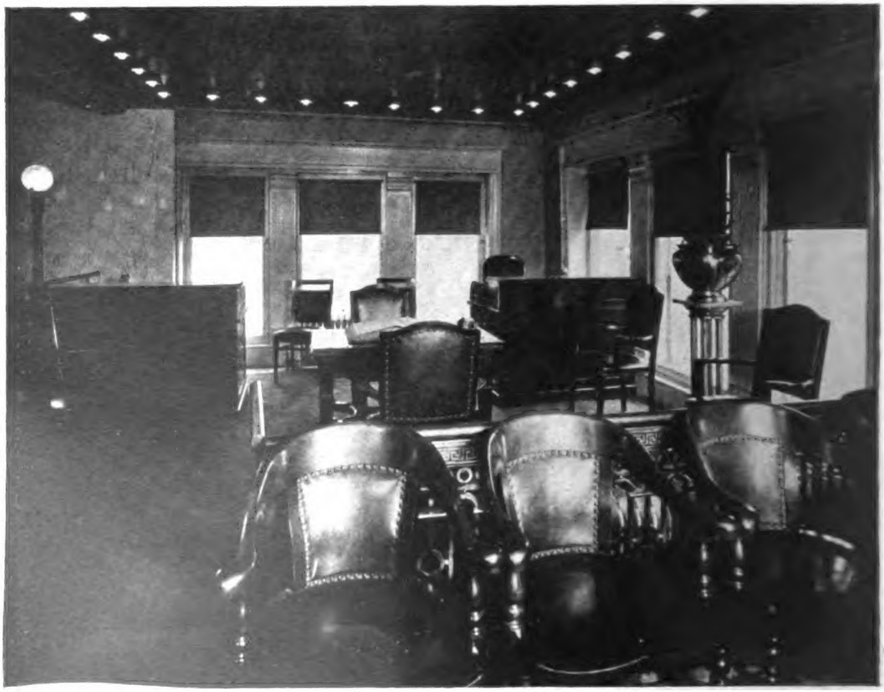
General View of Interior.



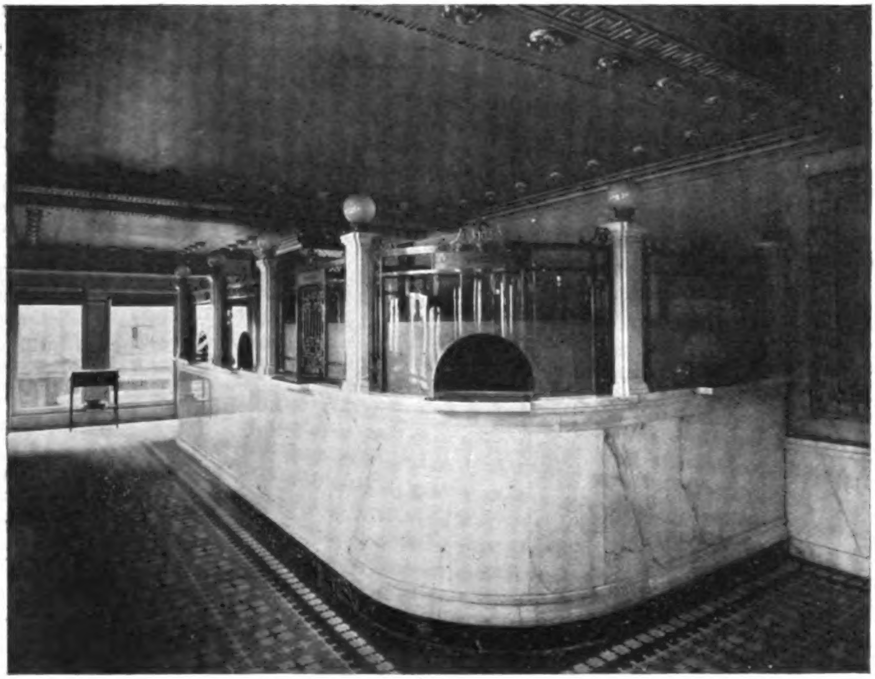
Teller's Window on Main Floor—Vault to the Left.

JOSEPH S. MARCUS
President.

JOSEPH J. BACH
Vice-President.



Office of the President and Vice-President.



A Portion of the First Mezzanine.

Directors' Room.

of 87½ feet on Delancey street and 37½ feet on Ludlow street, and there erected the seven-story building shown in this article.

Description of Banking Quarters.

The bank occupies the basement and four lower floors of this substantial structure, furnished with the best and most up-to-date accessories obtainable. On the main floor are the receiving and paying departments and the currency vault. Above, on the first mezzanine floor, are situated the officers, note teller and foreign departments. There is a second mezzanine floor for the bookkeepers, stenographers and directors' room. The book vault is located in the basement.

Every inch of interior space has been utilized in the best possible way, with the result that the banking rooms are spacious, well lighted, and present an attractive appearance, as may be seen from the illustrations presented herewith.

Personnel.

Joseph S. Marcus, the bank's founder, has been president of the Public Bank of New York since its incorporation as a State institution, and through his personality and wide acquaintance he has built up a patronage of immense proportions.

Joseph J. Bach is vice-president and cashier and Edward M. Weinstein is the assistant cashier. Mr. Bach was a practising attorney before his entry into the banking business. He is well qualified for the duties of his offices.

At the present time the Public Bank of New York is gaining in deposits at the rate of about $250,000 a month. The deposits now exceed $5,000,000 and the reports of one day's business will often show that 5,000 deposits have been made. More than 50,000 open accounts are now carried on the bank's books and it requires twenty-six tellers to care for the waiting lines of people on Saturday and Monday evenings.

The Public Bank of New York has to its credit with other reserve agents over $3,000,000.

The policy of the bank has always been to maintain large reserves, which average seventy per cent., and never fall below fifty per cent. This policy stood the bank in good stead during the panic of 1907, when its customers were not in the least curtailed and the bank was in no wise discommoded.

Staircase Leading to the Mezzanine Floor.

A UNIQUE FINANCIAL ORGANIZATION.

Photos by Oliver Lippincott, New York.

UNIQUE in its methods and far-reaching in its scope, the Funding Company of America rapidly has come to the front as a factor in the field of investment banking.

This company, which has agents located all over the country, buys outright entire issues of first mortgage bonds of established and proven industrial corporations, where the cash paid for the bonds is to be used solely for improvement and extension. It employs no broker, nor does it act as such. Neither does it accept money on deposit. It is an investors' corporation, belonging to investors in the same sense that a savings bank belongs to its depositors. Its inner working organization—the bond buying machinery—is made up of them. This machinery consists of an advisory board of prominent business and professional men—bankers, lawyers, merchants, manufacturers, accountants and appraisers. Thus the advice and experience of trained specialists is obtained on all the vital features which determine the real value of a bond issue.

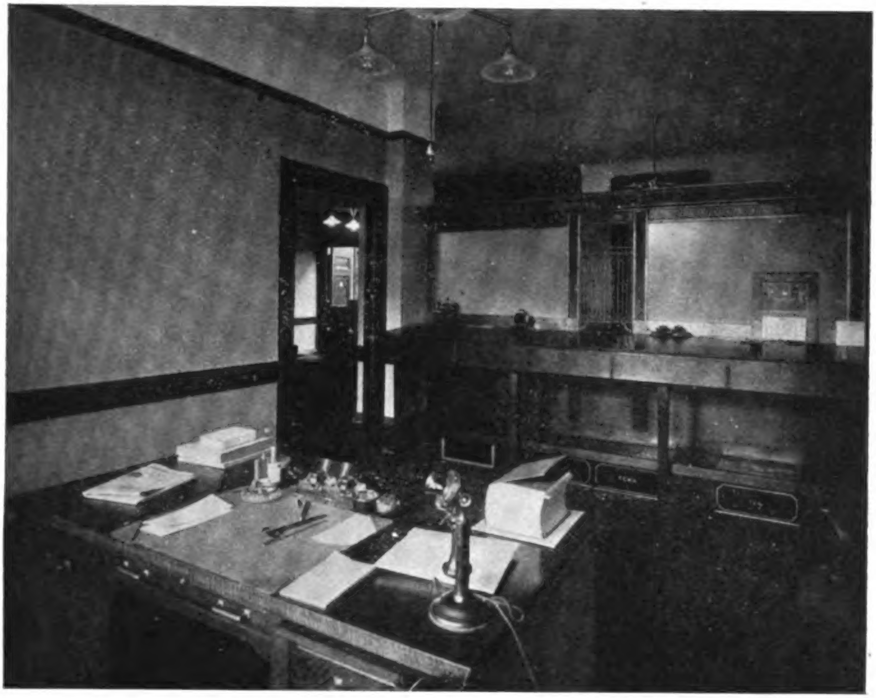
The company's working capital is derived from its stock—it is capitalized at $1,000,-000—and from the sale of its own bonds, which are direct obligations protected by the bonds in its treasury, its capital and its other assets in their entirety.

Edward Staats Luther, president of the company, for more than fifteen years was a political and financial writer for New York newspapers. Six years of this time he served as a legislative correspondent at Albany. After this excellent training, in the course of which he became known to everybody of political importance in the State, he served for seven years as a political and financial writer on the staff of the "New York Times," at the same time contributing articles to magazines on financial, sociological and political subjects. This naturally brought him in contact with statesmen of all parties, and financiers, and he was honored with the confidence of men of national, and even international, reputation.

His acquaintance with some of these ripened into warm friendships, and led him, four years ago, to give up journalism in order to establish himself as a special corporation representative.

In February, 1907, long before the recent laying bare of legislative scandals at Albany, Mr. Luther wrote an article for "Van Norden's Magazine" which stirred the people

President's Room.



Treasurer's Office.

of the State and created what was little short of a panic at the capitol. It was a vigorous, merciless exposure of the bucket shops and other forms of gambling, and of resorts of vice of all sorts, which flourished openly in Albany, and were a fatal source of demoralization alike for clerks in the state departments and for legislators. He showed that these conditions, by luring members of the Senate and Assembly into extravagant living and debt, were directly responsible for the "graft" and bribery scandals which from time to time found a more or less resonant echo in the newspapers. An immediate result of the publication of this article was an investigation by Governor Hughes, and the hurried closing of questionable resorts in Albany.

In 1909 Mr. Luther entered upon the business of investment underwriting, and it is to him, working with a thorough knowledge of banking and corporation conditions and methods, that the Funding Company of America owes its inception and success.

Mr. Luther is endowed with that rarest of combinations—cold business judgment and a keenly analytical mind coupled with a most genial and sympathetic personality. He is a member of several social and patriotic organizations, including the Lotos Club, Pilgrims Society, Oakland Golf Club, the Saratoga Society and the Sons of the Revolution.

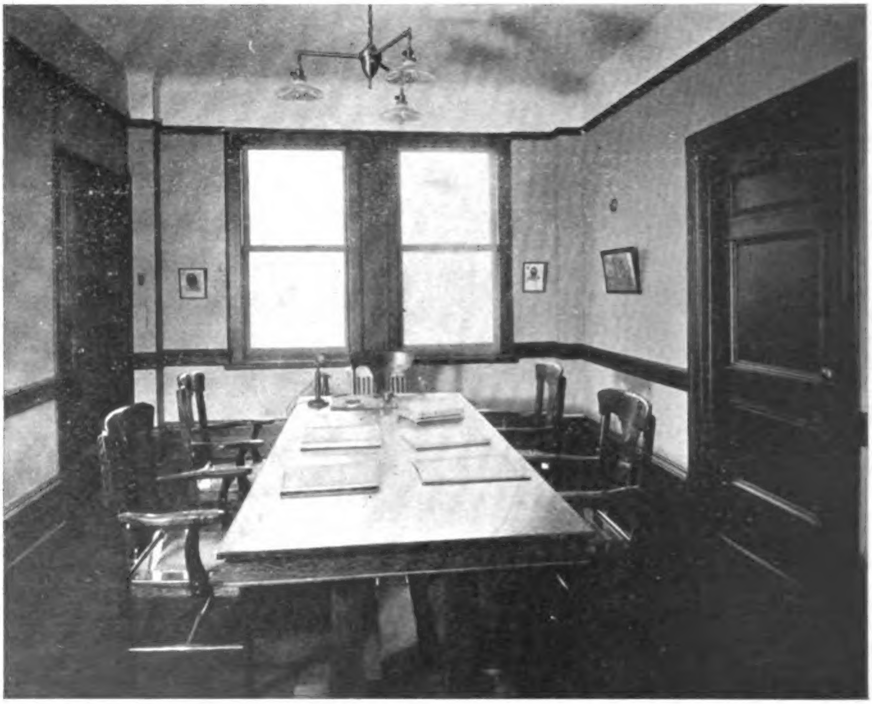
Charles W. Abrams, treasurer of the company, until he entered into his present activities was one of the leading business men of Albany and Troy, N. Y. He is an expert on banking in all its branches. As a young man he was connected with the Albany National Exchange Bank, of Albany, as head of the collection department. For three years, during the difficult reorganization period of the Erie Railroad, following the deposition of Jay Gould as president by the foreign bondholders, Mr. Abrams was at the head of the system's accounting department, and had charge of its entire expenses. Then for fifteen years he was manager of the largest grain concern in Albany, which he left to become general manager of a leading brewing company in Troy. He is a member of the Fort Orange Club, of Albany, and of the Albany Country Club.

John W. Harding, secretary of the company, is known internationally as a journalist and as an author, having written "The City of Splendid Night," "The Gate of the Kiss," and many other successful novels. A French version of "The Gate of the Kiss," by Frédéric Boutet, was brought out in Paris in 1903, under the title "La Porte du Baiser." Count Robert de Mon-

tesquiou, the "Poet of the Ideal," wrote a preface to it highly laudatory of Mr. Harding's talent. In 1899 Victor Hugo's literary executor, the late M. Paul Meurice, entrusted to Mr. Harding the translation into English of Hugo's posthumous "Memoirs," which were published simultaneously in Paris, London and New York. Aside from his reputation as an author, Mr. Harding is widely known in literary circles as a newspaper and magazine editor. His experience in this capacity, extending over twenty years, was acquired in Europe as well as in the United States. For ten years he was a member of the editorial staff of the "New York Times."

The home offices of the Funding Company of America are situated at 40 Exchange place, New York, on the nineteenth floor, and command a magnificent view of the financial and shipping centres of the metropolis. The company also has several handsomely equipped branch offices located as follows:

Albany, N. Y.—V. A. Bradbury, manager, 82 State street; Binghamton, N. Y.—A. M. Sperry, manager, 704 Kilmer Press Building; Cleveland, O.—H. Chapman Williams, manager, 803 Citizens Building; Harrisburg, Pa.—Jacob G. Feist, manager, Union Trust Building; New Berlin, N. Y.—R. H. Lindsay, manager; Oneonta, N. Y.—U. A. Ferguson, manager, Stanton Block; Philadelphia, Pa.—J. Carlton Duke, manager, 1319-1321 Real Estate Trust Building; Syracuse, N. Y.—L. L. Hill, manager, 214 New Rosenbloom Building; Utica, N. Y.—Robert G. Wells, manager.



Board Room.

The advisory committee of the company, which is composed of stockholders only and, as before indicated, includes representative men in various lines of business and professional endeavor, is an exceptionally strong and conservative one, separated widely from any and all speculative influences. It is as follows:

James D. Abrams, assistant general eastern freight agent, Erie Railroad, 399 Broadway, New York; Dr. Wm. N. D. Bird, U. S. Government meat inspection service, 155 Cleveland avenue, Buffalo, N. Y.; John W. Block, diamond merchant, 9 Maiden lane, New York; Hon. Charles J. Buchanan, of the law firm of Buchanan, Lawyer & Whalen, director of the Union Trust Company, and trustee of the National Savings Bank Albany, N. Y.; Richard Burke, manufacturer of glove leather, Johnstown, N. Y.; Henry T. Converse, of Converse & Son, wholesale shoe dealers, Albany, N. Y., also Troy, N. Y.; Capt. John H. Cook, president of the G. W. Dillingham Company, publishers,

119-121 West Twenty-Third street, New York; John A. Ebersole, vice-president Penbrook National Bank, Penbrook, Pa.; H. A. Ebright, vice-president People's National Bank, Mifflin, Pa.; George R. Heisey, attorney, Lancaster, Pa.; Howard S. Kennedy, of Cluett, Peabody & Co., manufacturers of shirts and collars, Troy, N. Y.; E. W. Keyser, cashier First National Bank, Delta, Pa.; E. E. McMeen, proprietor department store, director Lewistown Trust Company, Mifflin, Pa.; A. H. Phelps, president First National Bank, New Berlin, N. Y.; George Velten Steeb, Hartford Fire Insurance Co., 416 Walnut street, Philadelphia; George W. Wilson, director Juniata Valley National Bank, Mifflin, Pa.

NONSENSE IN GOVERNMENT PUBLICATIONS.

NO Government ever spilled so much printer's ink as our own. When the volume of printed matter sent out by the various bureaus of the several departments is taken into account it seems strange that we are not a nation of savants. Chief among the reasons are two; one has to do with the problem of distribution of this huge mass of literature and the other with its quality—whereof a word at this time.

Much scientific work of real value fails to contribute its share toward the enlightenment of mankind by reason of stuff like this:

> Co-operation is a somewhat recent innovation, at least in some directions, between different branches of the Government service. It is a scheme whereby different governmental activities are rendered mutually helpful along lines common to two or more branches, thereby subserving the public interest better both as to efficiency and economy. Since it is a procedure strictly in line with modern industrial development it has a practical basis, and for this reason and because of its flexibility it bids fair to have a wide field of usefulness. As a feature of governmental administration it would seem to merit further consideration.

If we have followed this correctly, cooperation is co-operative, and as an innovation is not ancient. By it governmental activities are rendered mutually helpful along lines common to both instead of foreign to either. It has a practical basis in its resemblance to something else in a wholly different sphere, and bids fair to be useful because flexible, like a garden hose or an old-fashioned whalebone whip. And oh, yes, it merits consideration as a feature.

All that the writer needed in beginning his paper was this:

> A striking illustration of the benefits of co-operation between different branches of the Government service is found in the results which have followed—

That is, he had need, at a liberal estimate, of twenty-three words. He used ninety-nine—more than four times as many, and the result was nonsense.—*St. Louis Republic.*

DATES OF COMING CONVENTIONS.

Association.	Date	Place	Secretary
A. B. A.	Oct. 3- 7	Los Angeles	F. E. Farnsworth, New York
Arkansas	Apr. 26-27	Fort Smith	Robt. E. Wait, Little Rock
California	May 5- 7	Riverside	R. M. Welch, San Francisco
New Jersey	May 6- 7	Atlantic City	Wm. J. Field, Jersey City
Texas	May 10-12	El Paso	J. W. Hoopes, Austin
Mississippi	May 10-11	Natchez	B. W. Griffith, Vicksburg
Louisiana	May 12-13	Alexandria	L. O. Broussard, Abbeville
Alabama	May 20-21	Birmingham	McLane Tilton, Jr., Pell City
Missouri	May 18-19	St. Louis	W. F. Keyser, Sedalia
Tennessee	May 24-25	Chattanooga	F. M. Mayfield, Nashville
Oklahoma	May 24-25	McAlester	W. S. Guthrie, Oklahoma City
Kansas	May 26-27	Topeka	W. W. Bowman, Topeka
Georgia	June 7- 8	Atlanta	L. P. Hillyer, Macon
A. I. B.	June 8- 9	Chattanooga, Tenn.	H. G. Proctor, Richmond, Va.
Ohio	June 8- 9	Columbus	S. B. Rankin, Columbus
South Dakota	June 8-10	Yankton	J. E. Platt, Clark
Virginia	June 9-11	Fortress Monroe	N. P. Gatling, Lynchburg
New York	July 14-16	Cooperstown	Wm. J. Henry, White Plains
Iowa	June 16-17	Des Moines	J. M. Dinwiddie, Cedar Rapids
Michigan	June 21-25	Port Huron	H. M. Brown, Detroit
Minnesota	June 22-23	St. Paul	Chas. R. Frost, Minneapolis
North Carolina	June 21-24	Wrightsville Beach	W. A. Hunt, Henderson
Oregon	June 24-25	Pendleton	J. L. Hartman, Portland
Massachusetts	June	Pittsfield	Geo. W. Hyde, Boston
Florida	May 6- 7	Pensacola	G. R. DeSaussure, Jacksonville
Washington	July 21-23	Hoquiam-Aberdeen	P. C. Kauffman, Tacoma
Wisconsin	Aug.	La Crosse	Geo. D. Bartlett, Milwaukee
Pennsylvania	Sept. 6- 7	Bedford Springs	D. S. Kloss, Tyrone
Indiana	Sept. 14-15	Evansville	Andrew Smith, Indianapolis
Colorado	Sept.	Grand Junction	G. L. V. Emerson, Silverton
Illinois	Oct. 26-27	Cairo	R. L. Crampton, Chicago

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—An increase in surplus and undivided profits of $129,465 is shown by the statement of the Mercantile Trust Company on March 25, as compared with that of November 16, 1909. The assets are $67,064,020, of which $41,887,062 are loans on collateral, and bonds, stocks and mortgages amount to $14,074,113. The deposits now total $57,132,635.

—Rowland G. Hazard has been made a director of the American Exchange National Bank. Mr. Hazard is also a director of the Mechanics' National Bank of Providence, R. I., and of the Rhode Island Hospital Trust Company of Providence.

Besides being a member of these boards of directors, he is an official of the following companies: Trustee, New York Life Insurance Company; president, Senet Solvay Company, Syracuse, N. Y.; vice-president, Solvay Process Company of Syracuse, N. Y.; president, By-Products Coke Corporation, Chicago, Ill., and Syracuse, N. Y.; president, Peacedale Manufacturing Company of Peacedale, R. I.

—The presidency of the Union Trust Company, vacant since the death of John W. Castles last September, was filled recently by the election of Edwin Godfrey Merrill, first vice-president of the Central Trust Company. The trustees also elected to the board, Mr. Merrill, M. Orme Wilson, who succeeds his father, R. T. Wilson, and V. Everit Macy.

The Union is one of the largest trust companies of New York, having deposits of about $65,000,000, and one of the most conservatively managed. It has never been intimately affiliated with any of the great financial groups, and is expected to continue the policy of independence under its new president. The company, which began business in 1864, has a capital of $1,000,000, on which annual dividends of fifty per cent. are paid, and a surplus and undivided profits in excess of $8,000,000.

Edwin Godfrey Merrill was born in Bangor, Me., on November 21, 1873. He was graduated from Phillips Exeter Academy in 1891 and from Harvard College in 1895, and after a year of travel abroad entered the office of his father's firm of Merrill & Co., bankers and bond dealers, in Bangor. About eighteen months later he came to New York, and from February to September, 1898, was in the statistical department of Kountze Brothers, leaving it to become connected with Estabrook & Co.'s New York office. In January, 1901, he was called to Bangor by his father's serious illness and became a partner in Merrill & Co., and a few months later, at his father's death, the head of the firm.

In 1903 he organized the Merrill Trust Company to take over the private banking business of Merrill & Co., and was president of that company from June, 1903, until January, 1909. In November, 1905, he became president also of the old Veazie Bank of Bangor, which in April, 1908, was merged with the Merrill Trust Company. While president of the Merrill Trust Company he became a director of four smaller trust companies in Eastern Maine, more or less closely affiliated with his own institution, among them the Union Trust Company, of Ellsworth.

In January, 1909, Mr. Merrill left Maine to become vice-president of the Central Trust Company, of New York, and in

January of this year he was elected a trustee of that company.

—The stockholders of the National Park Bank at a special meeting on May 10 will vote upon the question of increasing the capital stock of the bank from $3,000,000 to $5,000,000. The plan is to issue 20,000 shares, par value $100, which are to be sold to stockholders at $200.

In 1890 the capital of the bank was $2,000,000, surplus and undivided profits were $2,165,000, and net deposits $22,000,000. In 1903 the capital was increased by issuing 10,000 shares of new stock which were sold at $300 per share, thereby increasing the capital to $3,000,000, and surplus and undivided profits to $6,400,000. Deposits in that year were about $60,000,000.

The surplus of the bank is now $10,000,000, and one of the last published weekly statements shows its net deposits to be $93,000,000. The proposed increase in the capital will give the bank a capital of $5,000,000 and surplus of $12,000,000. The bank has for some years been paying dividends of sixteen per cent. on its capital annually.

—James G. Cannon, vice-president of the Fourth National Bank of New York, has been elected a director of the United States Mortgage & Trust Company to fill a vacancy. The board has declared the usual quarterly dividend of six per cent., payable March 31 to stockholders of record on March 26.

—Comparing the March 25th statement of the Bankers Trust Company with the statement of December 31, last, we note the following extraordinary gains: In deposits, from $46,579,317 to $59,951,926; undivided profits, from $1,654,194 to $1,784,592; total resources, from $62,749,348 to $72,353,157. The present capital is $3,000,000 and the present surplus totals $4,500,000.

—C. H. Allen, vice-president of the Guaranty Trust; T. De Witt Cuyler, director of the Pennsylvania Railroad Company; Walter S. Johnston of the Norfolk and Western Railway Company and V. P. Snyder, president of the National Bank of Commerce have been elected directors of the Guaranty Trust Company.

—The new Gotham National Bank, capitalized for $200,000 and having a surplus of $100,000, has opened for business in the New York American building, Columbus circle and Eighth Avenue. H. H. Bizallion is president; Charles S. Beardsley, vice-president, and Victor E. Wahlstrom, cashier.

—For March 29, the Merchants National reports loans and discounts of $14,862,617; cash and due from banks, $10,001,713; surplus and undivided profits of $1,770,560; deposits of $24,294,593, and total resources of $30,041,604. Last January this bank paid its 213th semi-annual dividend.

—According to its report, now available, the Yokohama Specie Bank, Ltd., earned during the half-year ended December 31, 1909, gross profits of 10,175,827 yen. Total assets are reported to be 275,421,383 yen. Announcement is made that the bank has been authorized by the Japanese Government to receive applications for conversion of the internal five per cent. bonds or subscriptions in cash for the second issue of four per cents. The amount of issue of the new fours is 100,000,000 yen.

—An extra dividend of nine per cent. on the $3,000,000 capital stock of the Central Trust Company has been declared. The regular quarterly dividend has been nine per cent., so this extra dividend brings the disbursement for the year up to forty-five per cent.

Prior to the increase in the Central Trust's stock last year from $1,000,000 to $3,000,000 dividends of fifteen per cent. were paid quarterly with extra dividends of 20 per cent., making the trust company's total dividend on its old stock eighty per cent. a year. The capital stock is now three times the amount at which it stood up to last year, all of which increase was made out of earned surplus. The present dividend rate, therefore, is at the rate of 135 per cent. a year on the old capital.

Despite the large dividends which the Central Trust is now paying and has been paying for years, it shows the largest surplus which has been earned by any trust company in New York City. Its surplus and undivided profits, in addition to its $3,000,000 capital stock, amounted on March 25, the date of the last report, to $16,166,229. J. N. Wallace is the president.

—Lewis L. Clarke, president of the American Exchange National Bank, has succeeded Herbert L. Satterlee as a director of the Knickerbocker Trust Company.

—The Liberty reports deposits of $22,531,033 with total resources of $26,736,946. The capital is $1,000,000; surplus, $2,000,000; undivided profits, $705,913. The amount due from banks, exchanges and cash is $9,326,357. Loans are $15,286,840. Last year the bank paid $300,000 to its stockholders.

—On April 4 the Comptroller of the Currency approved the increase in the capital stock of the Fourth National Bank. On that day the bank reported a capital of $5,000,000, a surplus of $5,000,000 and deposits of $32,669,460.

NEW ENGLAND STATES.

—The First National of Boston, in its statement to the Comptroller as of March 29, reports deposits of $65,773,540.84, which is a gain of ten million dollars since the last call. This is a splendid showing and reflects the highest credit on the management of the bank, the president of which is Daniel G. Wing. Some of the other items in this excellent statement are as follows: Notes and discounts, $26,460,781.84; demand loans, $13,413,104.72; United States and other bonds and securities, $2,684,446.25; cash and due from banks, $28,729,504.38; total resources, $72,327,837.19. The First National has a capital of $2,000,000, and the accumulated surplus and undivided profits total $3.758,496.35.

—The Old Colony Trust Company of Boston, Mass., in the first statement called for by the Banking Department since the City Trust Company was consolidated with it in February, shows aggregate resources March 29 of $81,906,263. Its deposits have reached a total of $69,430,575, while surplus and undivided earnings are reported as $10,075,688.

—George Howland Cox has been elected president of the Cambridge (Mass.) Trust Company, succeeding Alvin F. Sortwell, deceased. Mr. Cox has been vice-president and treasurer for some years.

The Cambridge Trust Company has $100,000 capital, $200,000 surplus and deposits of about $1,500,000. The stock sells for about $300 per share.

Mr. Cox is a director of the Boston City Club, treasurer and director of the Cambridge Home for Aged People, a trustee

of the Cambridge Hospital and the Dowse Institute, a member of the board of the Massachusetts armory commissioners and treasurer, secretary and director of the Metropolitan Improvement League.

—The deal by which the Hartford National Bank, of Hartford, Conn., takes over the assets of the Farmers & Mechanics National Bank, assumes its liabilities and pays the stockholders $125 per share for their $500,000 capital stock, has been completed.

The stockholders of the Farmers & Mechanics National are well satisfied with the terms of the merger. The stock has been quoted around $110 bid, but the shareholders not only get $125, but they will also receive a residuary dividend later after the directors, acting as a liquidating committee, have settled up the affairs of the bank. The bank's deposits exceeded one one million dollars. Four of its directors have become members of the board of the Hartford National, namely Henry H. Goodwin, Sidney W. Crofut, Philip B. Gale and Dr. G. C. F. Williams. The Hartford National Bank, of which H. W. Stevens is president, has a capital of $1,200,000, surplus and profits of $970,000 and deposits of $3,000,000, which are brought up to over $4,000,000 through the merger.

At the annual stockholders meeting, People's Bank and Trust Company of New Haven, Conn., a proposition to increase the capital from $100,000 to $500,000 was approved.

EASTERN STATES.

—From June 23, 1909, to March 29, 1910, a matter of nine months, the deposits of the Exchange National Bank of Pittsburgh increased $2,026,025.86 or 103 per cent. Last June the deposits were $1,966,034; by September 1, they had increased to $2,855,153; on November 16, last, they were $3,666,227; on January 31 of the present year they stood at $3,886,635 and on March 29 they were $3,992,060. The total resources at the date of the last statement were $6,793,858.

—At the annual meeting of the stockholders of the Anchor Savings Bank of Pittsburgh, the following directors were elected: A. M. Brown, R. J. Stoney, Jr., John D. Brown, E. H. Myers, Jr., W. D. Henry, E. H. Straub, G. C. Dellenbach, L. P. Monahan, T. J. Keenan.

—Reporting to the Comptroller under date of March 29, the Diamond National Bank of Pittsburgh gives its total resources as amounting to $7,957,050; its loans and investments as $4,528,096; its surplus and undivided profits as $1,690,494, and its deposits as $5,357,464. The Diamond Savings Bank has deposits of $1,119,433 and resources of $1,402,201.

—A splendidly balanced statement comes from the Bank of Pittsburgh, N. A., as made to the Comptroller on March 29. Loans and investments represent $18,341,660 out of the $25,787,327 of resources; the surplus and undivided profits fund has reached $3,007,447, and deposits are $18,145,482.

—The Duquesne National Bank of Pittsburgh has taken over the entire commercial business of the Guarantee Title and Trust Company of that city, thereby increasing its deposits to over $6,000,000, as against

$2,759,176 reported by it on March 29. The transaction serves to increase the deposits of the bank to over $6,000,000, as against $2,759,176 reported by it on March 29. The Guarantee, while disposing of its deposit accounts, will continue to operate its title, trust and mortgage departments. The Duquesne has added five of the Guarantee's directors to its board, increasing the membership from ten to fifteen. Pending the reconstruction of its building at 409 Smithfield street, the bank has located in the trust company's building at 232 Fourth avenue. The bank has a capital of $500,000.

—Between April 28 and March 29, the deposits of the First National Bank of Pittsburgh increased from $20,890,954 to $22,506,694. This growth is reflected in the condensed statement of the latter date, where the total resources are given as running up to $26,683,738.

—Very gratifying is the statement of the Mellon National Bank of Pittsburgh, showing, as it does, total deposits of $36,261,361. This compares with $31,409,024 at the corresponding call of last year. Its loans and investments total $34,936,151, and its items of cash and due from banks are $5,417,887 and $5,925,547, respectively. The bank's capital is $4,000,000 and its surplus and undivided profits aggregate $3,024,893. Resources are $46,279,652.

—In its statement of March 29, the Marine National Bank of Pittsburgh reported deposits of $1,148,540, a surplus of $100,000, loans and discounts of $998,841, and total resources of $1,881,077.

—The Keystone National Bank of Pittsburgh in its current statement reports increases in deposits as compared with the previous statement, and also with the statement of April, 1909. Deposits now are $3,537,016, comparing with $3,353,843 on January 31, 1910, and $3,170,663 on April 28, 1909. Total resources are $5,434,138. Loans and discounts aggregate $2,399,628. The cash items total $1,217,766. The capital stock is $500,000, the surplus fund is $750,000, and undivided profits are $161,122.

—The People's National Bank of Pittsburgh makes a fine statement, showing resources of $18,403,313, loans and discounts of $10,174,899, and deposits of $13,814,613. The cash items agregate $13,814,613. The bank has $1,000,000 capital, $1,000,000 surplus and $830,147 undivided profits.

—At the close of business, March 29, the German National of Pittsburgh had total resources of $6,827,178, a surplus of $700,000 and deposits of $4,675,813. These figures represent a steady, consistent growth since the previous statement was made.

—In accordance with the last official call, the Federal National of Pittsburgh published an excellent statement of condition. The bank carries loans and discounts of $3,885,476, has a surplus of $1,000,000, and deposits of $3,296,316. The total resources are $6,612,124.

—The Lincoln National of Pittsburgh reports favorably as of March 29. Total resources are now $5,932,399; loans and discounts have reached $4,037,856; the surplus is $700,000 and total deposits $4,145,894.

—Robert L. Montgomery has been elected a director of the Bank of North America, Philadelphia. This institution reported last call, loans and discounts of $12,572,643, cash and reserve, $3,856,047, surplus and undivided profits $2,550,721, deposits of $15,085,683 and total resources of $19,134,-105.

—The Girard National Bank of Philadelphia has announced an increase in its semi-annual dividend rate from six to seven per cent., thus placing the stock on a fourteen per cent. basis. The Girard recently reported a surplus and undivided profits fund of $4,231,309, and total resources of $44,-078,443. It has deposited with it $36,767,833.

—George D. Porter has entered upon his duties as vice-president of the First Mortgage Guarantee and Trust Company of Philadelphia, succeeding William L. Folds, resigned.

—Organized in 1803, with a present capital of $1,500,000 and a present surplus of $3,250,000, the Philadelphia National Bank is to-day in a flourishing condition. According to a condensed statement of condition, dated March 29, the bank has deposits of $43,899,454 and total resources of $50,697,677. It also reports loans, discounts and investments of $31,752,359.

—James W. Willcox has been elected a director of the Fourth Street National Bank of Philadelphia to succeed the late Richard H. Rushton. Mr. Willcox is vice-president of the Philadelphia Savings Fund Society. The Fourth Street National has total resources of $57,245,060, and deposits of $45,042,623. Between the official calls of January 31 and March 29, the amount of loans and discounts was increased $1,309,-292, being $37,507,301 at the present time. The surplus and net profits of $6,261,437, also represent an increase of $47,309.

—The statement of the Farmers and Mechanics' National Bank of Philadelphia shows deposits of $13,122,047, with $2,000,-000 capital and $1,390,035 surplus and net profits. Loans and investments, $10,553,-081; cash and reserve, $3,987,408; United States bonds, $2,058,904; due from banks, $1,832,787, and total resources, $18,432,183.

—The Corn Exchange National Bank of Philadelphia, reports deposits of $20,535,-086; due from banks, $2,454,585; cash and reserve, $4,599,591; loans and investments, $15,244,444; capital, $1,000,000; surplus and net profits, $1,480,007; total resources, $23,-455,093.

—Charles E. Heyer is a new director of the Fox Chase Bank of Philadelphia. The Fox Chase Bank, at its annual meeting, reported an earned surplus and undivided profits of $82,671, and net deposits of $384,281.

—Loans and discounts of the Franklin National Bank of Philadelphia have increased by more than half a million dollars within the last two months, since the last statement was issued, while the surplus and net profits are greater by more than $40,-000. The resources now total $36,221,588. The capital is $1,000,000, profits $2,647,028, and deposits $32,035,660. Due from banks, $5,118,065; cash and reserve, $5,920,435.

—The Union National Bank of Philadelphia, W. H. Carpenter, president, reports total resources of $8,706,413, loans and discounts of $6,180,312, a surplus and net profits fund of $753,857 and deposits of $7,010,158.

—Between January 31 and the present time the loans and investments of the Tradesmen's National of Philadelphia have increased $324,000. Total resources of $6,-896,432 are reported.

—Thomas J. Swanton, formerly vice-president and cashier of the National Bank of Rochester, N. Y., lately became president in place of Robert M. Myers. C. F. Garfield replaced Mr. Swanton in the vice-presidency and B. L. Search succeeded to the cashiership.

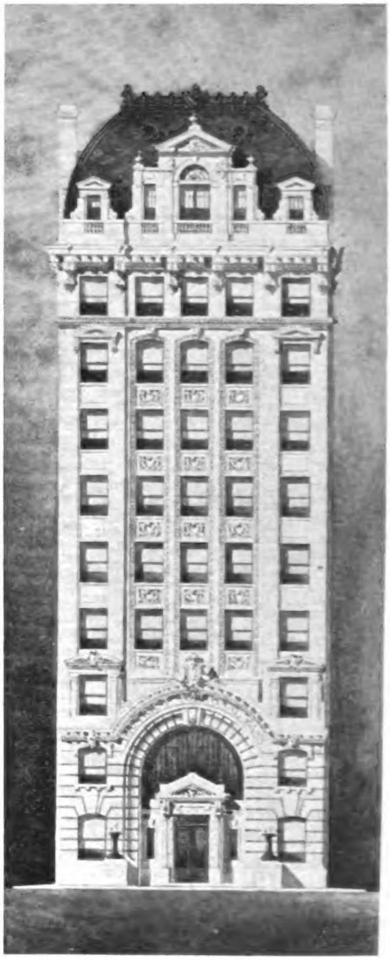
—A splendid, well-balanced report comes from the Lincoln National Bank of Rochester, N. Y. According to the report, the total resources amount to $14,931,561; $10,-373,736 of this represents loans and discounts. The surplus is $1,000,000 and deposits $11,727,739.

—On March 25 the Peoples Bank of Buffalo, N. Y., reported as follows: resources, $5,548,827; capital, $300.000; surplus and undivided profits $329,862; deposits $4,918,964.

—The Columbia National of Buffalo, N. Y., a designated depository of the U. S., New York State, Erie County, and the City of Buffalo, reports total resources of $11,765,000 as compared with resources of $1,834,000 eight years ago. The institution has to-day, deposits of $7,553,393 and is one of the livest banks in the country.

—In a report to the Superintendent of Banks, the Albany Trust Company of Albany, N. Y., gives its total resources as $7,728,753, its surplus and profits as $320,-421, and its deposits as $7,005,661. George C. Van Tuyl, Jr., is president.

—We show here a cut of the new building designed for the District National Bank of Washington, D. C., which as yet is not



MILLBURN, HEISTER & CO., ARCHITECTS, WASHINGTON, D. C.

District National Bank Building (now in course of erection), Washington, D.C.

completed. That this bank is a live one and growing rapidly is evidenced by the recent statement of condition placing the total resources at $1,637,444, the capital at $400,000, surplus and profits at $26,307, and the deposits at $895,426.

—The Hibernian Bank of Baltimore, Md., has been incorporated with a capital of $50,000. The incorporators are G. H. West, W. P. Cummings, Charles Schourer.

—The National Exchange Bank of Baltimore, Md., reports at close of business March 29, loans and discounts, $3,921,996; due from banks, $766,051; cash and due from reserve agents, $919,958; capital stock, $1,000,000; surplus and undivided profits, $689,381; deposits, $4,308,372; total resources, $7,265,653. Waldo Newcomer is president; Summerfield Baldwin, vice-president; R. Vinton Lansdale, cashier, and Clinton G. Borgan, assistant cashier.

—Baltimore, Md., is to have a new Day and Night Bank soon. Senator Gorman, E. M. Sunderland, T. C. Biddison, Jr., W. T. Dietrich, R. E. Pierce, Edw. Hirsch, W. M. Cooper and D. W. Hopkins are the incorporators.

—Another new bank recently incorporated in Baltimore is the American Trust and Savings Bank.

SOUTHERN STATES.

—The last official statement of the Planters National Bank of Richmond, Va., is one that its officers and directors may well feel proud of. Indeed the whole record of this institution is one of progress and development. Going back to January 1, 1901, we find this report: Capital, $300,000; surplus and profits, $717,698; deposits, $2,192,864. The capital has remained unchanged up to the present time, but each succeeding year the bank has reported increases in surplus and profits and deposits. On January 1, of this year, the Planters National reported a capital of $300,000, surplus and profits of $1,217,666, and deposits of $5,817,097. According to the statement of March 29, the surplus and profits fund has been further increased to $1,260,788. Total resources are now $7,289,169.

—When the American National Bank of Richmond, Va., occupies the splendid building shown in the accompanying illustration, next August, it will do so as a bank of $500,000 capital. The stockholders have

American National Bank Building, 10th and Main Streets, Richmond, Va. Ready for occupancy August 1.

ratified the issue of $100,000 of new stock, taking up the shares at 150 and thereby creating a premium of $50,000, which has been added to surplus. The bank, on March 29, reported deposits of $3,786,393.

—On the seventeenth day of April the First National Bank of Richmond, Va., completed the forty-fifth year of its existence. It has the honor of being the

COL. JOHN B. PURCELL

President, First National Bank, Richmond. Va.

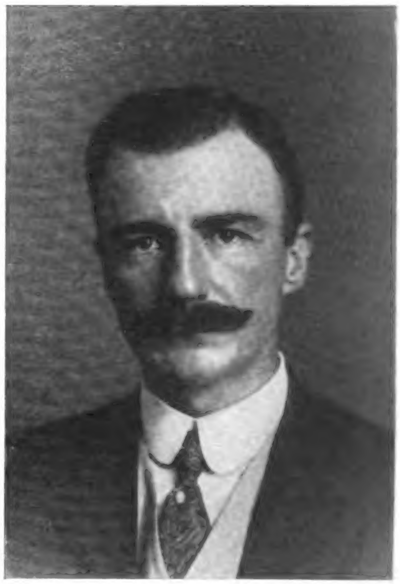
oldest bank in Richmond and has been a potent factor in the upbuilding of that progressive city. Two years after organization, the First National consolidated with the National Exchange Bank, but with this one exception the First National's growth has been due entirely to its own management.

The capital stock of the bank was originally only $100,000, but this has been increased from time to time, as the needs of the community required, until at the present time it stands at $1,000,000. At the same time, it has been the policy of the bank to accumulate surplus, and this fund has now reached the munificent sum of $900,000, every penny earned from its legitimate business. Besides creating this additional security for its depositors, the bank has paid its stockholders during its life of forty-five years the sum of $2,332,450, never missing a dividend.

The First National Bank has been capably and well managed during its entire career, and the present officers are: John B. Purcell, president; John M. Miller, Jr., vice-president and cashier; Chas R. Burnett, J. C. Joplin, W. P. Shelton, and Alex. J. Ryland, assistant cashiers.

—By comparing the November 16, 1909, January 31, 1910, and March 29, 1910, statements of the National Bank of Petersburg, Petersburg, Va., it will be noted that there has been a steady, marked growth of business, consistent in size with the capital stock of $100,000. On the first named date, the bank reported $186,773 of surplus and profits, $1,283,546 of deposits and $1,738,066 of total resources; the next report showed $185,512 of surplus and profits, $1,426,168 of deposits, and $1,849,012 of rethese figures: surplus and profits, $191,235; sources; the last official call brought forth deposits, $1,342,459; resources, $1,752,246. Geo. Cameron, Jr., is president; E. A. Hartley, vice-president; B. B. Jones, cashier; E. H. Beasley, assistant cashier.

—The Raleigh Savings Bank of Raleigh, N. C., which recently came under the control of interests connected with the Citizen's National Bank of that city, has



JOHN M. MILLER. JR.

Vice-President and Cashier First National Bank, Richmond. Va.

amended its charter, changing its name to the Raleigh Savings Bank & Trust Co. It is also stated that the institution will increase its capital, now $15,000, to $100,000.

—The Lowry National Bank of Atlanta, Ga., announces the issuance and sale of 2,000 shares of new stock, its capital being

thereby increased from $800,000 to $1,000,000 and its surplus from $600,000 to $1,000,000. This action was taken in order to meet the continued increase in the business of the bank, and the requirements of the growing commerce of the city and section in which it is located. The Lowry National is one of the oldest of Atlanta's banking houses, as well as one of the soundest financial institutions of the entire south. Under the able and efficient guidance of Col. Robert J. Lowry, than whom there is no more able or conscientious banker anywhere in the country, the growth of the bank has been steady and unfailing. The total resources are now over $8,000,000.

—One of the chief features of the Georgia Bankers' Association Convention, to be held in Atlanta on June 7-8, will be the address by Congressman Vreeland of the Monetary Commission.

—A meeting of the stockholders of the Bank of Baton Rouge, at Baton Rouge, La., is to be held on May 16, to take action on the question of increasing the capital from $50,000 to $250,000. Several other propositions are to be considered at the meeting, one of these being a proposal to change the par value of the stock from $50 to $100 per share. It is also intended to take steps which will enable the bank to avail of the law with respect to conducting a general savings, safe deposit, trust and banking business, and to amend its charter so as to authorize the election of one or more vice-presidents, the appointment of one or more assistant cashiers, and to change the qualification of directors, so that a stockholder owning ten shares of stock may be elected a director in the bank, even though he be a director in another bank, provided such bank is located outside Baton Rouge. The bank was organized on June 1, 1889.

—The Alabama Bankers' Association will hold its annual convention at Birmingham May 20 and 21, and not May 13 and 14, as heretofore announced.

—The oldest and largest bank in West Florida, the First National of Pensacola, reports loans and discounts of $2,242,079, a surplus of $85,000, undivided profits of $26,574, deposits of $2,083,027, and resources of $3,441,505.

—Directors of the First National Bank of Meridian, Miss., have elected the following officers, effective April 13: Active vice-president, Walker Brooch, formerly cashier; cashier, A. D. Simpson, formerly assistant cashier; assistant cashier, G. M. Heiss, formerly paying teller.

—The Union National of Houston, Texas, has been organized as a result of the consolidation of the Merchants National and the Union Bank and Trust Company of that city. The new institution has a capital of $1,000,000 and surplus and undivided profits of $300,000, and will undoubtedly rank as one of the biggest and strongest in the South. At the same time the passing of the Union Bank and Trust Company will be a severe blow to the state bank guaranty fund, to which the bank was the largest contributor. The officers of the new organization are: President, J. S. Rice, of the Union; vice-president, C. G. Pillot, of the Merchants; active vice-presidents, T. C. Dunn of the Merchants, H. N. Tinker of the Union, George Hamman of the Union; vice-presidents, W. T. Carter of the Union, J. M. Rockwell of the Union, Abe Levy of the Union; cashier, De Witt C. Dunn

of the Union; assistant cashiers, D. W. Cooley of the Union, H. B. Finch of the Merchants. The new bank will conduct its business in the building now occupied by the Union Bank and Trust Company, Franklin avenue and Main street.

By an interesting coincidence the call of the Comptroller of the Currency for a statement of condition of national banks came out March 29, when the bank was two days old. The report shows that the bank practically began business under the following excellent conditions: Loans and discounts, $5,670,137.71; U. S. and other bonds and securities, $210,574.03; cash and due from banks, $4,443,375.51; total resources, $10,442,819.16. The deposits aggregate $8,986,460.87.

—Highly gratifying is the March 29 statement of the South Texas National Bank of Houston. It shows total resources of $4,701,822; loans and discounts of $2,757,253; surplus and earned profits of $350,689, and deposits of $3,716,132.

—John T. McCarthy, formerly cashier of the Merchants National Bank of Houston, Texas, has accepted the cashiership of the American National Bank of the same city and will take active charge of the American National Bank May 1.

The American National Bank is the youngest national bank in Houston, being about twenty months old and on the last call of the Comptroller showed the following: Capital and surplus, $275,000; undivided profits, net, $5,700; deposits, $1,467,000; cash and exchange, $536,000.

The officers of the American National Bank now are W. E. Richards, president; Sterling Myer, vice-president; J. T. McCarthy, cashier; H. M. Wilkins, and D. O. Fitzgerald, assistant cashiers.

Mr. McCarthy has been in the banking business for the last twenty-seven years and prior to moving to Houston, Texas, was cashier of the Texas Bank and Trust Company, Galveston, Texas, having been connected with this institution for over twenty-five years.

—On March 29, the Commercial National of Houston, Texas, reported as follows: Loans and discounts $3,043,112; capital $500,000; surplus $500,000; net profits, $84,613; deposits, $3,952,298; total resources, $5,536,912.

MILBURN, HEISTER & CO., ARCHITECTS, WASHINGTON, D. C.

Judge Nathan Goff Bank and Office Building (in course of erection), Clarksburg, West Virginia.

—A splendid statement comes from the National Bank of Commerce, San Antonio, Texas. This progressive institution has resources of $3,165,080, a surplus fund of $333,389, circulation of $300,000 and deposits of $2,231,740.

—The American National Bank of Austin, Texas, a cut of whose new building appeared in our columns last month, reports deposits of $2,150,081, of which in-

dividual deposits constitute $1,750,939. It also reports an earned surplus of $280,000, net profits of $14,988, and has total resources of $2,852,291.

—Since the call of last November, deposits of the City National Bank of Texarkana, Texas, have increased from $139,318 to $251,123, and the surplus fund has been built up from $19,316 to $28,850. In the same length of time the total resources have increased from $358,635 to $479,974.

MILBURN, HEISTER & CO., ARCHITECTS, WASHINGTON, D. C.

Wachovia Bank and Trust Co. Building (in course of erection), Winston-Salem, N. C.

—In presenting its statement of condition as of March 29, the American National Bank of Nashville, Tenn., calls attention to the $781,000 of surplus and undivided profits, which with the $1,000,000 of capital and $1,000,000 of shareholders' liability, provides a fund of $2,781,000 as security to depositors. The statement is a splendid one all through. Deposits are now $4,736,136.

—For the past forty-seven years, the First National Bank of Nashville, Tenn., has been in business, and in that time it has grown from a small bank to be one of the largest financial institutions in the state. According to the last published statement, the First National has total resources of $5,968,923, surplus and profits of $361,204, and deposits of $4,856,561.

MIDDLE STATES.

—Organization of the Commercial Trust and Savings Bank of Chicago was effected April 8. The directors of the Commercial National were elected as the directors of the new concern, and they formally elected W. Irving Osborne president. They also elected Charles C. Willson cashier and R. J. Byrne assistant secretary. Mr. Willson is an assistant cashier of the national bank. The capital of $1,000,000 and a working balance of $100,000 were provided by the declaration of a dividend of $1,100,000 by the directors of the national bank out of the proceeds of the $1,000,000 of new stock sold recently at $220 per share.

The new trust company will occupy temporary quarters in the rooms of the old Bankers' National and will move into its permanent offices in the Commercial building as soon as the fixtures have been installed. It will be possible for the new bank to accept trusts and do a bond business at once, but no effort will be made to secure deposits until the permanent offices are ready.

—Directors of the Fort Dearborn National Bank of Chicago, have voted to recommend to the stockholders an increase in the capital of the bank from $1,000,000 to $1,500,000. A meeting of the stockholders will be held about May 15 to approve the increase. The new stock will be offered at par to old shareholders. The increase has nothing to do with any proposition to start a trust company, which the management of the Fort Dearborn has had under consideration and for which a charter was taken out a couple of months ago.

The Fort Dearborn has deposits of a little more than $15,000,000 and loans and discounts of about $10,000,000. Against the present issue of $1,000,000 of capital is a surplus of $411,000, giving the shares a book value of 141. The stock has paid eight per cent. for a couple of years and it is understood that the same dividend will be maintained on the increased amount.

—The First National Bank of Chicago has increased its capital stock from $8,000,000 to $10,000,000, in accordance with the action taken at the annual meeting of shareholders held January 11, 1910.

The capital stock of the First Trust and Savings Bank, its affiliated institution, has also been increased from $2,000,000 to $2,500,000, this being accomplished by capitalizing $500,000 of the accumulated profits.

The stock of the First National Bank thus continues to carry with it the same proportionate interest in the capital stock of the First Trust and Savings Bank as heretofore.

The capital and surplus of the First National Bank is now $20,000,000 and that of the First Trust and Savings Bank is $5,000,000, representing a combined strength of $25,000,000.

The growth of both institutions has been remarkable, even for Chicago banking. Both banks have established an international reputation.

—William J. Henley has resigned from the directorate of the Continental National Bank of Chicago. The Continental now ranks second among the Chicago banks, according to the amount of deposits held at the beginning of business March 30. On the day before it reported deposits of $98,258,588, loans of $65,207,706, a capital of $9,000,000, and surplus and profits of $8,621,260.

—The Union Trust Company of Chicago, in connection with its last report, published the following comparative statement, giving the deposits on January 1, for the past ten years: 1901, $4,883,686; 1902, $6,195,335; 1903, $7,275,685; 1904, $8,370,501; 1905, $10,307,516; 1906, $11,337,955; 1907, $12,707,693; 1908, $10,435,388; 1909, $12,888,565; 1910, $14,450,304. At commencement of business March 30, the deposits had increased from the last named figure to $15,005,295.

—For March 30, the Illinois Trust and Savings Bank of Chicago reports deposits of $89,189,123, loans of $58,340,753, capital of $5,000,000, surplus and undivided profits of $8,297,281, and total resources of $102,781,405. This showing entitles the Illinois Trust to third place in the table of Chicago banks, ranked according to deposits.

—Charles G. Fox has resigned from the employ of the Corn Exchange National Bank of Chicago, with which he had been associated for twenty-seven years, to become assistant cashier of the La Salle Street National Bank and the La Salle Street Trust Company.

—Four hundred and ninety-five clerks are employed by Chicago's largest bank, the First National, and it is estimated that they handle daily, 105,237 debit and credit items. In the ten years ended last December, the average gross deposits of this bank had increased from the sum of $54,697,478 to $112,706,354. When the First National rendered its last report as of March 29, the deposits were given at $114,241,258. Combined deposits of the First National and the First Trust and Savings Bank, reached the enormous figure of $159,935,520, last December.

—An excellent statement is that made by the National Bank of the Republic, Chicago, as of March 29. This conservative institution reports loans of $18,015,611, a capital stock, paid in, of $2,000,000, surplus and net profits of $1,238,631, deposits of $23,810,036, and total resources of $28,213,667.

—The National Stock Yards National Bank, of National Stock Yards, Illinois, reports favorably its condition as of March 29. It has amassed total resources of $4,097,840, carries loans and discounts of $2,-

953,225, has a redemption fund of $17,500, a surplus fund of $100,000, and deposits of $3,205,447.

—Official announcement has been made by C. B. Munday, of Litchfield, Ill., chairman of the organization committee of Chicago's two new banks, of the directorate of both institutions, the LaSalle Street National and the LaSalle Street Trust Company. The prospects are now that their quarters in the Rookery building will be opened May 1, or perhaps earlier. Each institution is capitalized at $1,000,000, and as the offerings of stock have been made at $125, being a $25 premium, each bank will start with a surplus of $250,000. The allotments of stock have been made and the cash is on hand. The directors of the two institutions are as follows:

William C. Brown, president of the New York Central Lines; John M. Roach, president of the Chicago Railways Company; William Lorimer, Adam Ortseifen, president of the McAvoy Brewing Company; Frank J. Baker, vice-president of the North Shore Electric Company; James E. Bennett, grain and provision broker; William J. Moxley, congressman and butterine manufacturer; W. A. Gardner, of the Chicago Board of Trade; George O. Gunderson, treasurer and general manager of the Acme Steel Company; Lorenzo E. Anderson, banker and member of the New York Stock Exchange; W. M. Anderson, of Jackson, Miss., president of the State Bankers' Association of Mississippi; Paul F. Keich, vice-president of the German-American Bank of Bloomington, Ill.; John B. Farthing, of Marion, Ill., banker; Elbridge Hanecy, former Circuit Court judge; F. W. Olin, of Alton, Ill., president of the Equitable Powder Manufacturing Company; John I. Hughes, general contractor; James P. Stewart, contractor, and J. M. Appel, of Springfield, president of the Certified Audit Company.

—One of the best statements ever submitted by the Des Moines (Ia.) National Bank is the one of March 29. It shows total resources of $5,973,945, loans of $3,885,404, cash and due from banks and U. S. Treasurer, $1,457,710, a capital of $500,000, a surplus of $60,000, undivided profits of $31,864, and deposits of $5,107,080. Last November the deposits were $4,326,657; on January 31 they had increased to $4,326,657, and now in this latest statement they are well over five millions.

—The Iowa National Bank and affiliated bank, the Des Moines Savings Bank, of Des Moines, Iowa, report total deposits of $9,133,337. The national has a capital of $1,000,000, surplus and undivided profits of $270,712, and deposits of $6,499,304; the savings bank has a capital of $200,000, profits of $38,741, and deposits of $2,634,033.

—Ralph Van Vechten, vice-president of the Commercial National of Chicago, has been chosen to succeed the late A. T. Averill as president of the Cedar Rapids National, of Cedar Rapids, Iowa, of which institution he was heretofore vice-president.

—"A bank's prosperity, which means its ability to pay good dividends and at the same time build up a surplus, is attractive to the public because it indicates conservative management." So states the Security National Bank of Minneapolis, in presenting its latest statement of condition. This bank has, at the present time, a capital of $1,000,000 and a surplus of $1,250,000—with net undivided profits of about $300,000 more—all earned. It reports deposits of $18,954,715.

—At the close of business, March 29, the Northwestern National Bank of Minneapolis reported loans and discounts of $20,775,702; cash and due from banks, $10,804,484; undivided profits of $204,992, and deposits of $28,520,541. The capital is $3,000,000 and the surplus is $2,000,000. The affiliated Minnesota Loan and Trust Company reports deposits of $1,795,470.

—The National Bank of Commerce in St. Louis, of which B. F. Edwards is president, shows a very gratifying condition in its statement to the Comptroller of the Currency at the close of business, March 29. The bank now has total resources of $91,046,873.21, placing it among the biggest banks of the country. Some of the items are:

Loans and discounts, $52,846,644.97; United States and other bonds and stocks, $14,654,-020.04; cash and due from banks, $22,546,-208.20. The capital is $10,000,000; surplus and profits, $8,519,261.37, while deposits are up to the splendid total of $63,414,617.34.

—The Comptroller's call of March 29 has resulted in the addition of one of St. Louis' growing institutions to the list of national banks having deposits of five million dollars or over. The Mercantile National, though only a little more than a year old, has been forging rapidly to the front and each statement has revealed an increased line of deposits. The current statement puts the bank over the line with deposits of $5,601,-586.03. Among the other items in the statement of this enterprising bank are: Loans and discounts, $5,612,492.40; United States and other bonds, $1,934,098.39; cash and exchange, $1,832,535.02; total resources, $9,-739,125.81. The capital is $1,500,000, and already the surplus and profits account amounts to $574,539.78. Festus J. Wade is president of both the Mercantile National and the Mercantile Trust Company.

—E. D. Robertson has been elected vice-president of the Southern National Bank of Louisville, Ky. He succeeds to the place made vacant over a year ago by the death of E. C. Bohne. Mr. Robertson came to the Southern National only a short time ago, leaving the Union National, where he had served in the capacity of assistant cashier. He was closely associated with A. R. White, president of the Southern National, when the latter was cashier of the Union.

—The Union National Bank of Louisville, Ky., has just received its new charter for an additional twenty years, its first charter dating from January, 1890. Several important changes in the management of the institution have recently taken place, owing to the death of L. O. Cox, who was at the head of the bank for so many years. J. D. Stewart, first vice-president, who was in active charge during Mr. Cox's illness, has been elected president; Basil Doerhoefer and William P. Otter, who were respectively second and third vice-presidents, have advanced to first and second vice-presidents; F. M. Getty is cashier and J. H. Merson is assistant cashier. The last statement of the bank showed a capital of $500,000, surplus and profits of $550,000 and deposits of $5,000,000.

—The Capital National Bank of Indianapolis, Ind., has increased its capital from $500,000 to $1,000,000, the enlarged amount having become operative April 1. The plans of the institution in this respect were announced in this department on December 25. The additional stock was placed on the market at $150 per share, all of it was subscribed, and the stock was issued on March 31. The bank's surplus now stands at $400,000.

—A stock dividend of 100 per cent. is to be paid to the shareholders of the Union Savings Bank and Trust Company of Cincinnati, through the plans which are being perfected for increasing the capital from $500,000 to $1,000,000. The directors have recommended the step, and the stockholders are to indorse the proposition on May 10. The institution has a surplus fund of $2,000,000 and undivided profits of $750,000. As payment for the new stock, which will be issued to the present stockholders at par ($100), a cash dividend of $500,000 will be declared out of the undivided profits. The bid price of the stock has recently been $800 per share.

WESTERN STATES.

—We note that the City National Bank of Bismarck, N. D., has completed a business block at an expense of $50,000, and will occupy the corner rooms. The floor space is 25x80, and the interior finishings are of

mahogany, with white marble counters trimmed with verdi antique marble. This bank commenced business four years ago as the Merchants State Bank, with a capital of $30,000. In January, 1910, the bank increased its capital to $50,000 and took the name of City National Bank, and its present business now reaches over a half million dollars. President P. C. Remington and Cashier J. A. Graham have the business affairs of the bank personally in hand, and have been successful in their efforts to make the bank well known.

—According to the last published report of the Yellowstone National Bank of Billings, Mont., the bank's surplus and undivided profits fund exceeds the capital of $50,000 by over thirty-nine thousand dollars. It has, at the present time, total deposits of $881,700 and total resources of $1,063,377.

—The Union Bank and Trust Company of Helena, Mont., reports satisfactorily its present condition. Some of the items are: Loans and discounts, $2,270,627; cash and due from banks, $1,212,769; capital, $250,000; surplus, $50,000; undivided profits, $206,875; deposits, $3,029,021.

—Siloam Springs, Ark., is one of the most promising cities of the State to-day. It is booming in a way that gladdens the hearts of its citizens and spells success for the city's business enterprises. The Farmers' Bank of Siloam Springs is right on the ground ready to profit and assist in booming the locality thereabouts. It is capitalized for $50,000 and has the following officers: George Tatum, president; Ed. C. McCulloch, vice-president; Connelly Harrington, cashier; R. J. Alfrey, assistant cashier.

Farmer's Bank, Siloam Springs, Ark.

—Comparing the principal items of two statements made by the Boise City National Bank, of Boise, Idaho, one for March 29, 1909, and the other for March 29, 1910, we note that deposits have increased from $1,927,449 to $2,487,755, profits increased from $17,828 to $66,587, capital from $100,000 to $250,000, and total resources from $2,295,277 to $3,027,192.

—The Union Stock Yards National Bank of South Omaha, Nebraska, reports as follows: Loans and discounts, $2,727,894; cash and due from banks, $1,840,130; surplus fund, $60,000; undivided profits, $80,606; deposits, $4,171,397; total resources, $4,729,604.

—Plans are under way for the establishment of a new trust company in Kansas City, Kan. The new institution is to have a capital of $1,000,000, and is to do a strictly trust company business. According to the statement of one of the promoters of the enterprise, several wealthy men from other States are interested. It is planned that the new bank shall be ready for business in July next.

PACIFIC STATES.

—The Bank of Commerce, of Everett, Washington, organized in 1900, has been purchased by Daniel Kelleher and associates, of Seattle. Mr. Kelleher is a member of the law firm of Bausman & Kelleher, and is closely identified with the Seattle National Bank. The sale involved both Riverside and Bayside banks, as well as the branch bank at Coupeville.

The Bank of Commerce has a capital and surplus of $125,000 and deposits of $1,000,000. W. R. Stockbedge, the present president of the bank, will remain in that capacity for some time and will retain a stock interest.

Elmer E. Johnston, of Everett, will be manager and represent the Kelleher interests. Mr. Johnston has been a resident of Snohomish county for twenty years and has served in the State Legislature. He has acted as Executive Commissioner to the Pan-American, Louisiana Purchase and Lewis and Clark Expositions. He has also served as secretary of the Everett Chamber of Commerce and held other positions of honor in the city and county.

The deal is generally regarded by the financial and business circles of both Seattle

and Everett as an important move, interesting, as it does, so many Seattle capitalists in Everett, which seems destined to be an important manufacturing centre on Puget Sound.

—An excellent showing is made by the Exchange National Bank of Spokane, Wash., in its statement in response to the Comptroller's call. Loans and discounts, $4,181,315; deposits, $5,774,186; cash and due from banks, $2,232,941. The capital is $1,000,000; surplus and profits, $306,161, and total resources, $8,047,797.

—The stockholders of the Fidelity Trust Company of Tacoma, Wash., have authorized an increase of $200,000 in the capital of their institution, raising it from $300,000 to $500,000. The new capital, it is understood, is put out for the purpose of financing the erection of six additional stories to the company's building. At the annual meeting of the institution, John S. Baker, who had previously been first vice-president, became president, and J. C. Ainsworth, who resigned the presidency, succeeded Mr. Baker as first vice-president. P. C. Kauffman is second vice-president; Arthur G. Prichard, cashier, and G. E. Dixon, assistant cashier.

—With an authorized capital stock of $1,000,000, $700,000 of which is subscribed and $225,000 already paid in, and with $100,000 deposited in government repositories, the newly incorporated Sacramento (Cal.) Valley Trust Company becomes one of the largest banking companies in the northern part of the State.

The company will do business in all counties in the valley, each county being represented in the directorate. A. Bonnhelm is president; F. L. Holland, first vice-president; George J. Bryte, second vice-president; A. Hockheimer of Willows, third vice-president, and L. P. Dodson, cashier.

—A fine statement comes from the Crocker National Bank of San Francisco, dated March 29. It gives to the most casual observer evidence that this old reliable bank is in a most excellent condition. Loans and discounts are $14,784,552; cash and sight exchange, $23,255,378; capital, $1,000,000; surplus and undivided profits, $2,628,167; circulation, $984,597; deposits, $18,268,736; total resources, $23,255,378.

—Total deposits of the First National and the Berkeley Bank of Savings and Trust Company, Berkeley, Cal., have reached $4,-570,297. The First National has a surplus and profits of $81,915; the Berkeley Bank of Savings and Trust Company, associated with the First National, has a surplus and profits fund of $90,261.

BANKS CLOSED AND IN LIQUIDATION.

INDIANA.

Wabash—First National Bank; in voluntary liquidation, February 15.

ARKANSAS.

Earle—First National Bank; in voluntary liquidation, February 19.

KANSAS.

Elk City—Peoples National Bank; in voluntary liquidation, February 16.

MASSACHUSETTS.

Cambridge—National City Bank; in hands of receiver, February 23.

MICHIGAN.

Grand Haven—National Bank of Grand Haven, in voluntary liquidation, February 19.

MINNESOTA.

Ruthton—First National Bank; in voluntary liquidation, March 12.

MISSOURI.

Kansas City—Central National Bank; in voluntary liquidation, March 15.

OHIO.

Mt Vernon—Farmers & Merchants National Bank; in voluntary liquidation, February 17.

PENNSYLVANIA.

Clairton—Clairton National Bank; in voluntary liquidation, February 17.

Pittsburgh—Fourth National Bank; in voluntary liquidation, February 14.

OKLAHOMA.

Ardmore—City National Bank; in voluntary liquidation, March 3.

TEXAS.

Nacogdoches—Commercial National Bank; in voluntary liquidation, February 28.

WASHINGTON.

Vancouver—Citizens National Bank; in voluntary liquidation, February 24.

PUBLISHERS' ANNOUNCEMENTS

A NEW BOOK ON FOREIGN EXCHANGE.

IN recognition of the big demand for a practical book from which the busy man and the student can get a working knowledge of this most important subject, we shall publish, within a few weeks, "The Elements of Foreign Exchange," by Franklin Escher.

The book is not a theoretical treatise, nor is it cumbered with the technical terms and expressions which make most of the books on exchange so difficult for the average man to understand. It is a plain and practical exposition of a subject which is all the time becoming of more and more importance and is written in language so simple as to make it understandable by everyone.

A CENTRAL BANK.

FROM two distinguished authorities comes a valuable and interesting discussion of this timely and important subject.

In a book just published by the Bankers Publishing Company (Bankers Handy Series No. 5, price 50 cents), Hon. George E. Roberts, former Director of the Mint, and Professor O. M. W. Sprague of Harvard University, present the two sides of this subject, Mr. Roberts favoring the Central Bank and Professor Sprague opposing it. Doubtless when the Monetary Commission makes its report, the central bank will assume a foremost place among the live issues of the day.

A reading of the views of two such eminent authorities as Mr. Roberts and Professor Sprague will help one to gain a better understanding of the real points involved.

Few subjects at the present time are of greater practical concern to the bankers of the United States.

"I hand you herewith my check for $5 in renewal of my subscription. I do not feel that I could do without the BANKERS MAGAZINE as I consider it the best of its kind." M. M. CRAVEN, Asst. Cashier, Bank of Rector, Rector, Ark.

"I read with increasing interest each number of your valuable magazine and as substantial evidence of same beg to enclose herewith my check covering a year's subscription. Don't feel that I can afford to part company with such a good friend."
C. C. BRANCH, Cashier,
Bank of Pender, Burgaw, N. C.

WITH BANKERS MAGAZINE ADVERTISERS

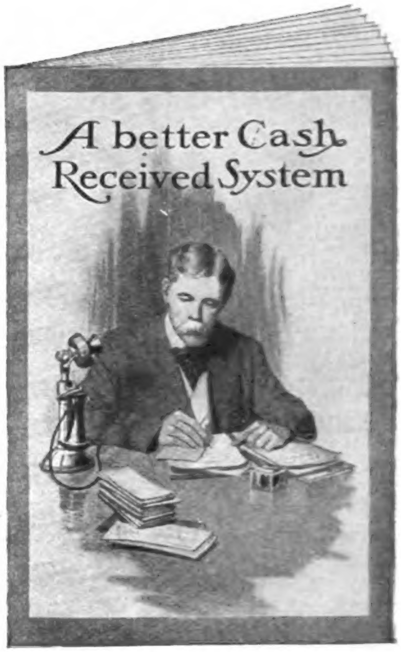
ALL RECORDS BROKEN.

THE Burroughs Adding Machine Company in Detroit finished up its most successful year—1909—by piling up a total of 2,521 sales in December. All previous Burroughs records for one month's sales were beaten by 457 machines. In all 15,763 Burroughs Machines were sold during 1909 and previous records for any single year were broken by 1,617 machines and even after such a remarkable month of sales as was December, 1909, the Burroughs company have announced that their sales in January, 1910, were 1,356 machines—making a total of nearly 4,000 for the two months.

THE accompanying cut is a reproduction of an attractive "Berger" calendar, which tells by picture and caption some of the merits of Berger steel filing equipment. "Slides at a touch—of course she smiles—with Berger easy running files," so read the lines under the picture.

INTERESTING NEW BOOKLET.

CASH Received items are important in any business. They must be speedily recorded and credited to proper accounts; and when the cash is deposited in a lump sum it is vital that each item will have



been so treated that the exact amount of the remittance will be a matter of permanent record.

The need of a well regulated method to handle this detail occurred to the Burroughs Adding Machine Company—and in line with their policy they have devised a simple yet very efficient plan of doing the thing which has confused many office people.

The Burroughs method eliminates the necessity of journalizing cash items. It is a time-saver from the very start and judging from what its users say of it—it is a winner.

The entire method is explained in their new booklet—"A Better Cash Received System." The necessary forms are illustrated and testimonials from a number of users are included.

The booklet is free—the Burroughs people will send it to any who write for it.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR JUNE, 1910 VOLUME LXXX, NO. 6

THE POSTAL SAVINGS BANK

FOR many months the postal savings bank bill has dragged its way through Congress, and at the time this is written no agreement has been reached as to the final shape of the bill, or even whether any bill shall be passed.

The majority of the members of the Committee on Postoffices and Post Roads are known to be opposed to postal savings banks. In fact, it has been asserted that the bill would have had little chance of success at any time but for the championship of it by the President. It is no doubt true that some members of the House have sacrificed their personal convictions and have supported the bill simply because they did not wish it to appear that they were opposing the President.

We think it must be a source of regret that Mr. TAFT ever became so devotedly attached to the postal savings bank plan. With the numerous State legislatures amply empowered to pass whatever savings bank legislation the people of the respective States may need or desire, we can not see why the Federal Government is called on to act as an encourager of thrift.

Taking careful regard of all the conditions existing in this country, we do not hesitate to say that a postal savings bank is not only unnecessary, but that it will prove a detriment to the people rather than a benefit.

Without going into a full discussion of the subject, it may be said that postal savings bank legislation would be unfortunate, because it would hinder the further development of the movement among the State legislatures to pass laws that would further safeguard deposits of a savings character.

And under any plan that may be devised for the handling of the deposits in the postal savings banks, the funds would be largely drained away from the localities where there is most urgent need for them.

It is suspected that the origin of the sentiment favorable to the postal savings bank arose from two sources.

In the first place, it has been discovered at last that Government bonds can no longer be sold in large amounts to the national banks to be used for securing bank circulation. The whole policy of securing bank circulation in this way has become discredited. But even if this were not the case, the channels of business are so well filled with paper currency that it is difficult to force any more into circulation. Something will have to be done with the outstanding two per cent. bonds. But they can be taken care of without indulging in any tricks of high finance. Simply meet the issue presented squarely by refunding the 2's at a rate of interest that will make them attractive to investors.

The second source of support for the postal savings bank no doubt is to be found in the belief that many people have in the potency of a Government guaranty; and it should not be forgotten that essentially the postal savings measure is designed as a Federal guaranty of savings deposits.

It must be conceded that the bankers have been negligent, in some cases, in working for a more efficient safeguarding of savings deposits, and that they must therefore partly bear the responsibility for the growth in popularity of the postal savings bank plan. But the bankers have shown a disposition of late to exert themselves in behalf of better savings bank legislation in their respective States and to work for the separation of savings deposits from other deposits in the national banks. It is believed that if the Federal Government will keep its hands off, the States will, as rapidly as circumstances permit, adopt adequate savings legislation. It is hardly necessary to say that many of them have done so already.

Our opposition to the postal savings bank has not been based upon the probable effects such an institution might have on the existing banks. Quite as likely as not the State and national banks would gain some deposits. But that is not the question. The postal savings bank we conceive to be against sound public policy and injurious to the welfare of the people whom it is designed to serve.

We regret to see the power of the President used to force upon the country legislation that is not economically sound. We have not forgotten that when the Aldrich-Vreeland measure was before Congress the friends of really sound currency and banking legislation got no encouragement either from Mr. Taft or Mr. Roosevelt. The President has more than once shown his attachment to Senator Aldrich, but has disclaimed partiality for the central bank scheme.

There are, we believe, in existence two organizations that can have considerable influence in protecting the public from dangerous banking and financial legislation—the National Currency League of the commercial organizations of the United States and the Federal Legislative Committee of the American Bankers' Association. Greater and more effective activity on the part of these two organizations at the present time seems to be sorely needed.

AUTOMOBILES AND EXTRAVAGANCE

For some reason which we can not exactly make out the advocates of national economy are holding up the automobile as a horrible example of the growth of American extravagance.

In an address before the recent annual convention of the Texas Bankers' Association, Joseph T. Talbert, a well-known banker, had the following to say on this subject:

"We are squandering on pleasure vehicles annually sums of money running into hundreds of millions of dollars. The initial cost of automobiles to American users amounts to not less than $250,000,000 a year. The up-keep and other necessary expenditures, as well as incidentals, which would not otherwise be incurred, amount to at least as much more.

"I do not wish to be understood as singling out the automobile industry for attack. I decry neither the machine itself nor the business of making it. I decry the use of the machine for purposes of pleasure by classes who must go into debt or give up their savings to indulge that pleasure. The fact that it is done on such a scale offers a striking illustration of our national vice."

Now, we suppose every person who thinks must agree with Mr. Talbert in decrying the use of automobiles by classes who must go in debt for them or give up their savings in order to buy them. In other words, persons who can not afford automobiles ought not to indulge in that luxury.

But are these large figures showing the annual expenditures for automobiles

of much value in the absence of other figures which would enable us to judge whether such expenditures were really extravagant or not? We know that in the last ten or twenty years the wealth of this country has increased enormously. The man who owned a horse and buggy ten years ago might have been relatively as extravagant as the owner of an automobile to-day. It all depends upon the ability to pay for what one has.

In the absence of figures showing the wealth of the automobile-owners of the United States, any criticism of such persons as being extravagant can not be regarded as of much weight.

We know that the people have grown richer, but we do not know, and can not know, without more specific information, whether they are rich enough to support these increased expenditures. The automobile manufacturers seem prosperous, so it is fair to infer that the people who buy the machines have the money with which to pay for them.

Mr. Talbert disclaims any intention of singling out the automobile industry for attack. But we notice that most speakers and writers who deal with the subject of the people's expenditures feel called on to refer to the automobile habit as a chief source of extravagance.

Yet it might easily be shown that the automobile is of much greater public utility than many other things for which hundreds of millions are annually wasted. Merchants, business men, doctors and professional men generally have found the automobile of great practical service. It is but another addition to the means of rapid communication, all of which have been of immense usefulness. It enables one to pass quickly from the heat and turmoil of the city to the healthful and quiet atmosphere of the woods and fields. It multiplies the harmless pleasures of life, brings friends closer together, and by increasing the facilities of travel, greatly widens our business and social horizon.

Extravagance is indeed to be condemned, but while there remain so many baneful sources of waste ought we not seek first to eradicate these before becoming seriously concerned about the automobile, which, after all is said, is of positive use to the community.

GROWTH OF BANKING IN THE UNITED STATES

HARDLY any other term than "wonderful" will adequately describe the growth of banking in the United States in the last ten years. In 1900 the total number of banks in operation as estimated was 13,977, with capital of $1,150,728,675 and individual deposits aggregating $7,688,986,450. For 1909 the Comptroller of the Currency estimated the number (including non-reporting banks) as 25,512, with capital aggregating $1,855,987,368 and individual deposits $14,425,223,164.

National banks increased since 1900 from 3,732, with aggregate capital of $621,536,461, to 7,045, on January 31, 1910, with aggregate capital of $960,124,895. Other reporting banks increased from 6,650, with aggregate capital of $403,192,214, in 1900, to 15,598, with aggregate capital of $866,056,465, in 1909. In 1900 the non-reporting banks were 3,595 in number, with capital of $126,000,000; for 1909 the number of banks not reporting was estimated at 3,021, with capital of $55,951,000. In 1900, national banks had fifty-four per cent. of the capital and about thirty-two per cent. of the individual deposits. For 1909, the statistics show that national banks had a little more than fifty per cent. of the capital and thirty-three per cent. of the deposits of all of the banks of the country.

The Comptroller of the Currency reported in 1900 a total of 1,002 savings

banks, with 6,107,083 depositors and $2,449,547,885 deposits. In 1909 he reported 1,703 banks, 8,831,863 depositors and $3,713,405,709 deposits.

More remarkable still has been the growth of the trust companies. In 1900 the Comptroller reported 842 of these institutions, with $1,028,000,000 of individual deposits. His last Annual Report showed 1,079 in number, with $2,835,835,180 individual deposits. In 1900, reporting loan and trust companies held 14.2 per cent. of the individual deposits in all banks; in 1907, 15.7 per cent.; in 1908, 14.6 per cent.; and in 1909, 20.2 per cent.

Pennsylvania has more trust companies than any other State, and in Philadelphia these institutions are ahead of the national banks in number, capital, deposits and total resources. The trust companies of New York State, though fewer in number than those of Pennsylvania, hold about thirty-two per cent. of the resources of all the trust companies making reports to the Comptroller of the Currency.

Many of the banks, particularly in New York, Boston, Chicago and St. Louis, have shown surprising growth in the period under consideration. Their total resources, although large compared to what they were fifteen, or even ten years ago, are still far below the totals of a number of the European banks.

BANKING CONSOLIDATION

WHILE the number of banks in the United States has multiplied in recent years, a tendency now seems to have set in toward banking consolidation. This movement is more noticeable in the large cities than elsewhere. Boston, New York and Chicago have reported important developments of this character within the past year. Compared with other countries, the number of banks in the United States is so large that anything even remotely approaching a "money trust" seems improbable. The consolidation of banks in the large cities tends to strengthen the banks at a point where the greatest resisting powers against panics are most desirable. But the country may be expected to preserve its system of independent banks, locally owned and managed, as they have undoubtedly been important factors in the upbuilding of industry and trade.

PROTECTING THE TWO PER CENT. BONDS

THE necessity of some action to prevent the depreciation of the United States bonds held by the national banks illustrates afresh the inadvisability of sustaining the Government's credit by artificial props. That the Government has not had a two per cent. borrowing power was admitted not long ago by the Secretary of the Treasury, but it was able to market two per cent. bonds at or slightly above par for the reason that these bonds could be used as security for national bank circulation and for the deposit of public funds in the banks. With the decline of the Treasury surplus there was but a small amount of Government money to deposit in the banks, and the first of these artificial props fell away. The last official report of the banks to the Comptroller of the Currency showed that they had but $40,650,840 of United States bonds to secure public deposits. The present volume of bank circulation, also, is maintained with difficulty, as shown by the enormous increase in the redemption of bank notes. Doubtless the banks would be glad to reduce their circulation if they could dispose of the two per cents. without loss. The failure of the postal savings bank bill to provide for the taking up of these bonds leaves the problem of dealing with them

one yet to be solved. Probably the most direct way would be to admit that a mistake was made and to refund the bonds at a rate that would make them attractive as investments, even without the circulation privilege. Fortunately, no serious depreciation of the two per cent. bonds may be expected, since the Government will be able to impose a higher rate of tax on other bonds used as a basis for circulation, thus making the two per cents. more desirable for this purpose.

PAYMENT OF INTEREST ON DEPOSITS

RECENTLY the National Bank of Mexico announced that it would discontinue the payment of interest on deposits. This places it in line, in this respect, with the Bank of England and several of the other leading European banks. The Mexican bank "deposit" is like that of the English banks and unlike the deposits of the American banks. Here a deposit represents the credits belonging to those who deal with the banks. These credits may have been obtained by putting money, checks, drafts, etc., into the bank, but they represent principally the proceeds of loans. Although the banks in Mexico are, generally, larger than the American banks in point of capital and total resources, their deposits are proportionally smaller. This is because they put the proceeds of loans into "accounts current," or under other heads in their balance-sheets.

Even the Bank of France, with more than a billion dollars of assets, reports only about $150,000,000 of private deposits—a sum exceeded by one or more of the banks of New York.

The payment of interest on deposits by commercial banks is a practice common to all parts of the United States. Though many bankers condemn it as unsound, it has been next to impossible to secure united action through the clearing houses in discontinuing the practice or in fixing a minimum rate. Freedom of action is desired by the banks in this matter and in establishing par points on items left for collection. And yet bankers who have thoughtfully considered the banking and currency problem in all its phases admit that until some agreement is reached on these two matters, but little progress can be made in the work of reform. While the banks appear incapable of doing much voluntarily in changing conditions, and would at first, perhaps, resent any action that might disturb their present arrangements, they would probably welcome it in the end. The payment of interest on deposits tends to enhance the cost of loans to business men, and also operates to make the banks a little less cautious of the quality of their loans. Banks that are paying interest for their deposits feel under the necessity of keeping their funds constantly employed. The lack of an adequate system of clearing country checks greatly aggravates the ill effects of a panic. In New England, where such a system is in successful operation, the domestic exchanges were not clogged or suspended as they were in other parts of the country during the 1907 panic.

PURCHASE OF BONDS BY THE BANKS

ONE of the notable changes taking place in the character of banking resources is to be found in the large addition to the amount of bonds held. The national banks have more than $740,000,000 of United States bonds and over $864,000,000 of other bonds and securities—a total of more than $1,600,000,000. The capital of the national banks is just a little short of $1,000,000,000, so that these institutions have an investment in bonds and

securities much beyond their entire capital. The State banks, trust companies and savings banks have $52,000,000 of United States bonds and $2,956,000,000 of other bonds and securities. All classes of banks in the United States have $792,000,000 in United States bonds and $3,821,000,000 in other bonds and securities. So far as these figures represent the investments of savings banks or of trust companies they are important only as representing the power of those institutions to absorb investment securities. But the case is somewhat different with commercial banks whose assets are supposed to be more "liquid." In 1892 Mr. MAURICE L. MUHLEMAN computed the stock and bond holdings of the national and State banks at only $52,000,000, and of the trust companies, $142,000,000 in 1894. An idea of the present security holdings of the different classes of banks in the United States may be had from the following statement, taken from the Report of the National Monetary Commission:

Bonds.	11,319 state banks.	1,703 savings banks.	1,497 private banks.	1,079 loan and trust companies.	Total 15,598 banks, etc.
1. Domestic securities—					
(a) United States bonds.....	5,221,710.94	43,566,428.18	609,219.30	3,232,380.20	52,619,738.62
(b) State, county, and municipal bonds	65,892,211.21	710,159,543.86	3,228,802.32	155,647,921.87	934,928,489.26
(c) Railroad bonds	75,036,949.01	769,980,508.90	1,213,577.66	362,404,241.20	1,208,635,276.37
(d) Bonds of other public-service corporations (including street and interurban railway bonds)	50,977,866.08	96,554,513.65	1,760,406.73	168,589,932.94	317,882,720.30
(e) Other bonds	59,315,979.00	42,715,417.78	2,535,070.97	123,395,335.61	227,961,803.34
(f) Stocks	30,745,723.61	47,576,169.48	2,738,744.32	164,660,545.08	245,721,182.49
2. Foreign securities—					
(a) Government bonds	3,236,932.22	1,198,637.73	119,858.73	6,745,922.83	11,301,351.51
(b) Other securities	2,593,799.06	1,519,694.89	793,623.85	5,523,019.51	10,430,187.31

These reports are not complete, for the Comptroller of the Currency estimates the number of all banks in operation to be more than 25,000, but they are valuable as indicating the tendency of commercial banks to become heavily engaged in "investment banking." With an annual output of new securities each year running from $1,000,000,000 to $2,000,000,000, this tendency is not surprising. In the absence of great industrial and mortgage banks especially created to handle these securities (such as are found in several European countries, in Mexico and in Japan), they must be absorbed by the savings banks, trust companies and commercial banks. So far as the latter are committed to this class of investments, it constitutes a lessening of their ability to aid purely commercial banking operations. The spheres of banking in the United States have not been delimited, but there is a mixing up of transactions of various kinds in a single class of institutions; and in consequence, when readjustments have to be made to meet commercial crises, the whole situation must be disturbed more than would be necessary were our banks specialized in their functions.

AN INTERNATIONAL AMERICAN BANK

RUMORS are current in the newspapers now and then of a plan for organizing an American bank with branches in the countries of Latin America. With a few exceptions, the American banks found in Latin America, where they exist at all, are smaller and weaker than either the native banks or the branches of foreign institutions. This fact has, in more than one instance, brought discredit on American banking methods through the breaking down of these small concerns. Our big and strong national banks are not permitted to have branches, even in Cuba and Mexico, but are debarred from sharing in profits that go to the branches of French, German, English and Cana-

dian banks. Perhaps it may be found advisable, if the Latin-American bank plan is not carried out, to permit the national banks with a capital of $10,000,000 and over to establish branches in foreign countries.

An American bank with branches in Mexico, Central and South America could be of service to our commerce and industry in a variety of ways. It would afford a centre against which to draw exchange, grant long-time credits such as are demanded by merchants in those countries, and could act as agent for American merchants—a service not common to banking in the United States but quite usual in Latin America.

Possibly it might be found advantageous to extend the scope of the proposed Pan-American Bank, and to make it an International American Bank, with branches in the world's chief commercial centres. American capital and enterprise are gradually invading all quarters of the globe, and a bank with large capital and the best management, carrying the prestige of a Federal charter, would doubtless prove a powerful agency in forwarding American business interests abroad. As such an institution would operate chiefly if not wholly abroad, it should escape the political hostility likely to be encountered by a central bank with branches in the United States.

THE MIDDLE WEST

THAT section of the country known as the Middle West, once the center of more or less radical ideas, has become through the increase of wealth one of the most conservative sections of the United States.

In the "World's Work" for May there is an article on "What the Middle West Wants the Government To Do," from which the following is taken:

"The people of the Middle West who are already well supplied with banks (for example, on an average, more than fifteen to the county in Iowa), look with great suspicion on the proposed central bank which will, they believe, inevitably fall under the control of the very men who now control their insurance investments to their own very great profit.

"Inasmuch as comparatively few of the people of the West belong to the very poor, or those who use stockings for banks, they take but slight interest in the postal savings bank, but they will resent the passage of any law that will compel or permit the removal of the deposits from the locality."

From which it appears, if these statements are correct, that the people of the Middle West have an accurate idea of some things the Government should not do.

CORPORATIONS AND THEIR EMPLOYEES

RECENT announcement was made that the United States Steel Corporation had put into effect a system of compensation for disabled employees and those dependent upon them, and would also adopt a pension system. No contributions are to be required from employees, and the statement was made that it was the purpose of the company "to treat employees fairly and generously even under the most enlightened view of an employer's responsibility."

Many other corporations have either already adopted a similar policy or are preparing to do so.

It may be said, of course, that the corporations are taking this action to forestall State and Federal legislation providing for even greater liabilities on the part of employers than those voluntarily conceded, and furthermore to prevent the spread of socialistic agitation and to check the demands of the trades-unions. But even if this charge be true,

something has been gained by the mere recognition of the fact on the part of the great corporations that public opinion will hereafter hold them to more strict accountability.

It would be pleasanter to believe that the corporations realize that it is good business policy to make provision for their superannuated and disabled servants—even that they are touched by the more humane spirit of modern business which is beginning to understand that the prosperity of all classes is closely related.

THE NEW SUPREME COURT JUSTICE

WHEN the President appointed Governor HUGHES of New York a Justice of the Supreme Court of the United States, to succeed the late Justice BREWER, he undoubtedly selected one of the best qualified men in the country for that high and honorable position. There can be nothing but the warmest approval for the President's appointment of Governor HUGHES to a place on the Supreme bench.

Yet, no little feeling of regret has been shown that Governor HUGHES is to withdraw from the active political life of the nation. Perhaps no leader since LINCOLN has inspired greater faith in his ability, the clearness and sanity of his judgment, and absolute devotion to the public welfare.

In our observation of American political history we have seen no one who placed greater reliance in moral power as an aid to worthy achievement. He never seemed to consider for a moment that it was necessary to conciliate the corrupt element or to shake hands with the bosses. We have heard from him and his friends but little or none of that familiar cant that it is often necessary to compromise in order to win. Many of the contests waged by Governor HUGHES have involved moral principles where compromise was unthinkable. And he has preferred to fail in carrying out some of his measures rather than surrender any essential principles. But he has succeeded in impressing a high standard of duty upon the Governor's office and has carried out a number of reforms that will be of lasting benefit to the State of New York.

Bankers have good cause to remember the service he rendered to sound banking. When it was realized, after the panic of 1907, that the banking law was defective, Governor HUGHES appointed a commission, composed of some of the ablest bankers of the State, to investigate and report as to what changes in the law were necessary. The laws passed in consequence of this step, and the appointment of Mr. CLARK WILLIAMS as Superintendent of the Banking Department did a great deal to strengthen the banking institutions of the State.

Governor HUGHES appointed a commission of a similarly high character to investigate the New York Stock Exchange.

One of the striking features of his administration was the selection of experts to advise with him as to the necessity for certain legislation. The policy has proved to be an excellent one, and has resulted in avoiding the errors that might have followed reliance on his personal judgment alone.

The Supreme Court of the United States is by many regarded as one of the greatest tribunals in the world. While some people will feel regret that Mr. HUGHES is no longer to be in active political life, this regret will be tempered by the knowledge that he is to continue to serve the nation in a place of great honor, and for which he is peculiarly fitted by his abilities and exalted character.

BANKING AND SUBSIDIES

By Simeon Seijas

BANKING and subsidies are so intimately associated that it is well nigh impossible to deal with the latter without first explaining the bearing of the former on foreign trade and ship subventions.

An example will at once make the subject clear:

Let an American ship A, a British ship B, a French ship F, or a German ship G, call at any port where a producer has ready for exportation the fruit of his labor and of his invested capital. A offers to carry the goods to, say, New York, and the producer is quite agreeable to ship by the American boat; but on enquiring how much money he can draw on account, he receives a negative answer, and however low A's freight may be, or whatever advantage New York offers over other markets, he is bound to refuse his goods to the American.

Next comes B, or F or G with the same proposition, meets with the same acquiescence on the producer's part, and the same query is put: How much money can he draw on account? The answer from either of these three is: So much per cent. at ninety days, against shipping documents, upon a well-known English, French or German banker, for account of the owner. The matter then resolves itself into one of competition; naturally the producer gives his preference to the freighter that offers him the largest percentage in advance, or to the one that has the best facilities for placing the goods on the most suitable market; but A is, in any case, left out.

Let us follow the course of a shipment taken up by B.

The goods being, of course, well known and marketable, the consignee takes care to sell them *before* arrival, he does not incur the common error seen in the United States of waiting before disposing of them, but on the contrary, he ascertains where the best market is, and directs the ship accordingly; the result is that he pays his ninety days' acceptance, or his banker's acceptance, with the proceeds of the sale, without having practically disbursed one cent.

Could the merchant or freighter have accomplished so much without the assistance of his own credit or his banker's? By no means; if he did not or could not have recourse to the foregoing arrangement, he would find himself in the same position as the American business man is in to-day, who cannot draw to this country anything like the foreign trade he should, because the manipulation explained by the example given is not generally known, still less practised here.

"Foreign Bankers."

In Europe, on the contrary, there are numerous bankers, called "foreign bankers," whose sole mission is to stand between the ship owner or merchant and the producer; they accept bills at ninety days for account of either, against shipping documents; they run a risk, it is true, but only a small one, a difference at most. After all, in what transaction of life does not a man run a certain risk? But the notorious prosperity of all those "foreign bankers" is the best answer that can be given to the sceptic.

In order to complement the example, let us reverse the operation.

An American manufacturer receives from abroad an export order of some consideration. What does he do? How does he proceed about it? He reckons up the cost of filling the order, sees in it a good profit, and is anxious to do his part. But he cannot afford to lock up his capital and wait months for his money, and he frankly tells his customers so, putting this forward as his reason—a very good reason—for asking

the buyer *to pay* in advance. The customer, on the other hand, does not see his way either to locking up his capital while the order is being filled and is travelling, losing interest, etc., and the result is that the American manufacturer has to let go the order and the foreign buyer must abandon his wish to acquire American-made goods, however much he may prefer them to other nation's products.

Advantages Enjoyed by the European Manufacturer.

How different, again, it is in Europe! There the manufacturer does not even have to trouble himself about the standing of his foreign customer, for the latter, on giving his order, has already arranged with a "foreign banker" to accept the manufacturer's draft at ninety days against shipping documents. It goes without saying that the foreign banker's acceptance is as good as bar gold. The manufacturer has the proceeds of it, minus a trifling discount, placed to his credit with his local banker, and draws out his money at will.

Let us also follow the course of the goods shipped by the manufacturer. The accepting banker sends forward the documents to his agent or correspondent at port of destination, and there, everything working regularly, the consignee takes delivery of the goods on payment to the agent of a sum in currency sufficient to buy a draft equal to the amount of the acceptance of the banker, to whom he remits same, and who receives it *before* his obligation is due.

Here, again, no one has practically disbursed a cent while the order is being filled, or while the goods are travelling, except the consignee on delivery of merchandise that he also has taken care to sell *before* arrival, and for which he, in turn, collects on delivery to his customers.

The European Producer.

To further complete the example, let us take the case of a European producer *consigning* to a foreign market a quantity of salable goods. In this case we must assume that the producer knows the markets best suited to his goods; he is his own merchant, and backed by his commercial standing, any of the "foreign bankers" alluded to authorize him to draw at ninety days, and takes care of the documents, which he forwards in the same way to his agent or correspondent, to collect on delivery to the producer's agent, generally the producer's own firm, as and when the latter delivers to customers on the spot. In this case the shipper provides the accepting banker with whatever funds may be short of his acceptance at maturity, and renews his draft at ninety days upon the banker. This operation is not carried on as extensively as the first two named, but it serves to illustrate the immense help that European "foreign bankers" give to legitimate trade, and they are none the worse off for giving it.

Growing Necessity for a Merchant Marine.

The conditions in Europe being as stated, let us now see what the consequence to producers and consumers has been the world over:

1. A powerful incentive to manufacturers, to consumers in more manufacturing countries, and to users of raw materials in countries that do not grow them, but which require them in and for their industries.

2. A corresponding demand for means of transportation; that is to say, for ships of all kinds.

3. The necessity under which the Governments of Europe have found themselves to provide such means of transportation or to help provide them, by subsidies to shipbuilders and shipowners.

Does not the prosperity of a nation depend on its commerce, its exchange of products, its give and take? And how can this commerce, this exchange of products, this give and take, be accomplished without an adequate number of ships; in other words, without a merchant marine?

Has the United States such a merchant marine?

Has this country a merchant fleet sufficient to carry on its vast and increasing foreign trade and to make itself independent of foreign aid?

Is it not a fact that America is tributary to alien shipowners to the extent of over $100,000,000 per annum? And why?

We can only surmise that in its eager progress the people of this country have been and are so absorbed as to neglect two sources of wealth of the utmost importance, as are the foreign banking and the merchant fleet.

While America has been engrossed in necessary home improvements, in railway and canal construction, in developing the unlimited field of electricity and other sciences, the Europeans have been quietly taking advantage of her engaged attention, and by perfecting their banking systems and improving their navigation, they have actually reduced this justly proud nation to a condition of vassalage, as we propose to demonstrate.

Reckoning the Loss.

Taking as a basis of reckoning England's foreign trade of $5,000,000,000 on a net tonnage of 10,800,000 tons, or $463 per ton value, the United States requires to carry its foreign trade of $3,500,000,000, a *net* tonnage of 7,560,000 tons.

But the United States has only 7,400,000 gross, of which 6,500,000 is employed in domestic commerce, leaving 900,000 gross, or 540,000 (net), and therefore needs for its foreign trade 7,020,000 tons *net*, which at $10 per ton makes $70,200,000.

This is, consequently, the yearly tribute paid by the United States to foreign carriers, for lack of an adequate merchant marine of its own.

But what this country loses through the same cause in other ways is yet more striking: we refer to the Latin-American trade, which, considering the protection given by this country to the sister Republics, should logically come here, instead of finding its way to Europe.

That trade amounts in round figures to $2,000,000,000, employing a *net* tonnage of 4,500,000 tons, which at $10 per ton is $45,000,000, to which must be added a minimum commission of one per cent. per three months to American foreign banks, when such exist, or four per cent. p. a., $80,000,000, plus as above $70,200,000, or a grand total of $195,200,000. Without reckoning that in this calculation we have taken the ridiculously conservative figure of $10 for freight, although it is well known that many articles pay as much as $50 per ton freight, therefore not even the most sceptical can refute the foregoing estimate.

The next question is: How much money is required to place the American merchant marine on a sound basis?

No less an authority than Mr. Chauncey M. Depew says that the cost of two complete battleships, such as are built in this country each year, would suffice for that purpose, and it is difficult to conceive that $10,000,000 would not be enough to make a start and secure at least one fraction, say five per cent., of the $115,200,000 shown above, out of which fraction the ship lines could easily return $1,000,000 per annum or more.

Will American Bankers Support the Ship Subsidy Bill?

But coming back to our contention, that foreign banks on European principles are the mainspring to draw foreign trade to this country, which in the first place will benefit its industries, and therefore its population, the working classes, every class, in fact, no patriotic American can fail to see the expediency and the importance of supporting the ship subsidy bill the next time it comes before Congress.

When it is further considered, as Mr. Depew has so effectively pointed out, that our magnificent fleet of battleships is virtually useless without food for the

men and coal in the bunkers, and that at the present time the fighting navy of the United States has to rely for supplies on foreign vessels when out at sea, and that in case of war these would all be called home by their nations, the last, and probably the most forceful argument, politically speaking, has been adduced in favor of a substantial ship subsidy.

THE UNITED STATES TREASURY—VI

By William Henry Smith

WHEN Mr. Knox entered upon the office of Comptroller, he was familiar with all its duties. He had been for a number of years connected with the Treasury Department, and had been the special agent of the Department at New Orleans in 1867, and there uncovered the defalcation of the Assistant Treasurer at that place for more than $1,000,000. Before entering the service of the government he had won a high reputation as a writer on financial subjects.

He was a believer in the national bank system, regarding it as the system that would give the country a uniform, stable and safe currency, but he realized that the law under which it was then acting was imperfect in several particulars, and during his long administration of the office he suggested a number of amendments, most of which were incorporated in the law. Like Mr. McCulloch, he believed in honest banking, and held that it was his duty as having a supervisory control over the banks to use every influence to induce safe and conservative methods.

Mr. Knox was specially earnest in desiring legislation that would correct the evil of false certification of checks by bank officers, and he urged it on the attention of Congress again and again. He was also urgent about a better method of redeeming notes of banks that failed or that went into voluntary liquidation. During the panic of 1873 fourteen national banks failed, leaving their notes in circulation, and as business was very much depressed by the panic, this aided in giving the country a redundant currency.

Results of the Knox Administration.

He obtained a change in the method of destroying the redeemed notes. The law required they should be burned, but Mr. Knox induced Congress to amend the law and require maceration. Not only is the destruction more complete, but the sale of the pulp by the Secretary of the Treasury nets the government a goodly sum. He remodeled the working force of the office so as to materially expedite business.

His reports of 1875 contained an exhaustive argument on the proposition to substitute the legal tenders for national bank notes. Just at that time an opposition to the bank system had grown to formidable proportions, and the main plank in the platform of the opposition was to withdraw the bank circulation and for the government to issue an unlimited amount of legal tenders. The argument of Mr. Knox on this point will long be regarded as one of the ablest financial papers ever submitted to Congress.

His report for 1876 was largely taken up with a critical history of the Bank of North America and the first and second Bank of the United States. It was another valuable contribution to financial history. In the same report he gave a table showing the distribution of the stock of the national banks, it having been charged the stock was in the hands of men of great wealth, who invested simply for the purpose of escaping taxation. His table disclosed that the reverse was true, and that the average holding was only about $3,000. He also began the publication annually of a synopsis of the decisions of the courts on questions affecting the banks.

In 1878 he again took up the question of the substitution of legal tenders for bank issues, showing that it would lead to a return of the old State bank system and "wild-cat" currency. The

country was growing, very prosperous and the public debt was being rapidly paid off. This was causing a contraction of the currency, as it was forcing banks to withdraw circulation so as to release the bonds deposited with the Treasury, and Mr. Knox declared that some relief must be found or there would be a severe money stringency. In his last report he again returns to his appeals for legislation to prevent the illegal certification of checks.

Administration of James H. Eckels.

In 1886 Mr. W. L. Trenholm became Comptroller, serving until 1889. His reports were mainly filled with suggestions for amendments to the banking laws. In 1893 Mr. James H. Eckels was appointed Comptroller. During his service his reports were models of brevity, but they were comprehensive. He entered upon his duties just at the beginning of the panic of 1893, a panic that caused the failure of more national banks than had failed during the entire existence of the system, but he won great distinction among financiers by the able manner in which he handled the situation. It is rare indeed in governmental affairs when an opportunity is given for an official to win as high praise as was accorded to Mr. Eckels in so short a service as his. In 1895 he gave a comprehensive review of the banking systems of all civilized countries, supplying by this means information of great value to Congress. He also made an agreeable change in the style of handling the information collected from the banks, introducing a State synopsis, which enabled the reader of the report to get at the matter in brief. In 1897 he reviewed the laws of other countries concerning postal savings banks, which is a valuable treatise on that much discussed subject.

Henry G. Dawes.

During his term Mr. Eckels was able to wind up the affairs of most of the banks that failed during the panic of 1893, but he left to his successor, Mr. Henry G. Dawes, several very knotty and hard cases to deal with, and that gentleman addressed himself to the work of cleaning up the last of the wreckage with an energy and intelligence that soon had good results. Mr. Dawes, like some of his predecessors, realized that there was a want of elasticity in our currency that operated to bring about a stringency at one season of the year and a redundancy at another, and he urged Congress to adopt some system of emergency currency, very largely along the lines of the law of a year ago. He pointed out that the demand in the West for money to move the crops worked a stringency in the East, and when that money got back to the East, the tightness was felt in the West. He also strenuously urged the increase of the limit of loans to be made to one individual or firm, and favored a law that would forbid the loaning of the money of the bank to its directors or officers, claiming that it was such loans that caused most of the bank failures.

Comptroller Ridgely, in 1907, was the first of the Comptrollers to recommend the establishment of a central bank of issue and reserve, and argued the question in an exhaustive paper submitted with his report.

Lawrence O. Murray — Present Comptroller.

By this time a cry was going up from all parts of the country for a reform in our currency system. The present Comptroller, who had had an extended experience in the conduct of the office while acting as Deputy Comptroller, was convinced a change was necessary in the method of making bank examinations, and addressed to all the banks of the country a letter on that subject, as follows:

"I am making an effort to improve the work of national-bank examiners, and in order to do so I want an expression of opinion from the banks as to how the work is now done, and as to how it may be improved. Will you please tell me how the examiners who have examined your bank actually do the work; whether or not, in your opin-

ion, it is well done; and whether the examiners take time enough to go into the details of the bank as the law contemplates that they should; and, in a general way, point out every defect in the examinations that may occur to you. I will be under obligation to you if you will advise me how, in your opinion, the work, for which you pay, can be done so that both your bank and this office will get the best results possible from the examinations. The bank pays for these examinations, and it is, therefore, vitally interested in getting actual benefits from them. My sole purpose is to improve the entire service from the top to the bottom. Your reply, therefore, will be considered confidential. Please write me fully by return mail."

In his statement made before the National Monetary Commission, he said that several assessments the office had made on banks to make good an impaired capital had to be withdrawn because they were made on inefficient examinations by the examiners. After receiving replies from the letter quoted, Mr. Murray set about working some changes in the methods, without waiting for any legislation on the subject, so as to get more accurate reports. The reformation he has brought about in this matter is an evidence of his efficiency. The examinations are now much more thorough than formerly and are along more intelligible lines.

The Comptroller's Offices.

The Comptroller occupies a handsome suite of rooms in the west wing of the Treasury building, and overlooking the White House grounds. They are about the most conveniently arranged for the transaction of business of any of the bureaus of the Department, intercommunicating with those of his two deputies and his chief clerk.

The walls are adorned, or supposed to be, with oil portraits of some of the former Comptroller's. They are only fair likenesses, and as works of art, they are atrocious. It is one of the strange notions prevailing in so many places in our administrative departments to cover the walls with pretended portraits of those who have served in some capacity. If they were really works of art it would not be so bad, but when they are mere daubs, as so many of them are, the disgust of the citizen when he sees them is doubly acute. There is no reason why a man who has occupied a place in the government service for a few years should have a huge oil painting of himself hung on the walls of the public buildings.

So far, the Comptrollers of the Currency have all been good men, but only two or three of them were really notable examples of efficiency, and there is no reason, except personal vanity, for perpetuating their features in oil for the Treasury building. These remarks will apply with equal force to a number of other bureaus in all the departments, and for that matter to the heads of the departments themselves.

This calls to mind that in the office of the chief clerk of the Treasury Department are four or five portraits of former secretaries, or chiefs of finance. Among them is one of Robert Morris. That is very appropriate, and, by the way, is an excellent work of art, but a little further along the walls is one of George W. Campbell, of Tennessee, who served only seven months, during the administration of Madison, and in that seven months so demoralized the department, and so bungled the financial affairs, that it required years to straighten out matters.

The Comptroller is appointed by the President, by and with the consent of the Senate, for a term of five years. If he should be removed before the expiration of his term, the President must communicate his reasons for the removal to the Senate. The salary is $5,000, and he is required to give a bond in the sum of $100,000. He has two deputies. In their appointment is an example of the loose way Congress sometimes does business.

At the time the office of Comptroller was provided for, he was given one deputy, to be appointed by the Secretary of the Treasury, and who was required to give bond in the sum of $50,-

000. It ran along in this way until in 1908, when the legislative, executive and judicial appropriation bill passed, it was discovered that the clause in regard to the Comptroller's office provided a salary for two deputies, one at $3,500 and the other at $3,000. The act made no provisions as to how he was to be appointed, nor did it fix his duties, and nothing was said about a bond. The constitution lodges the appointing power of all officers in the hands of the President, unless by law some other method is named. So here we had the anomaly of one deputy appointed by the Secretary of the Treasury, and another of an inferior grade, drawing a smaller salary, appointed by the President, and whose appointment had to be confirmed by the Senate.

In 1909 Congress undertook to correct this matter, and gave the appointment of this second deputy to the Secretary of the Treasury, and required him to give a bond, and prescribed his duties, but in one part of the section he is styled Deputy Comptroller, and in another part, Assistant Deputy Comptroller. So he is still at a loss to know just where he stands.

The Comptroller has certain duties to perform in connection with the national banking system, and is clothed with certain powers. His duties are clearly defined by the statutes, but not so with his powers. For some of his acts he has to draw on that fiction originated by Alexander Hamilton, and which now prevails so largely in the federal administration, of "implied powers." That is, he is authorized to do certain things, and to do those things he assumes the power to do certain other things not specified in the statutes. The Comptroller and his deputies are forbidden to have any interest directly or indirectly in any association issuing national currency.

His Duties.

The law requires him to keep all plates for the printing of national bank currency under his control and supervision, but this he does not actually do. They are kept at the Bureau of Engraving and Printing, under a custodian appointed by the Secretary, and over whom the Comptroller has no jurisdiction.

He is required to make an anuual report to Congress, showing, among other things, the condition of every association from which reports have been received during the previous year; with an abstract of the whole amount of banking capital, debts and liabilities, amount of circulating notes outstanding, and amount of resources of all such associations. He must also give a statement of such associations as had closed business during the year, and to supply Congress with a vast amount of data concerning banking done under State authority.

He is required to record and carefully preserve the organization certificates of all associations applying to do business under the national bank act.

When a shareholder becomes dissatisfied with amendments made to the articles of association and desires to withdraw, if he is not willing to accept the appraised value of his holdings, it is the duty of the Comptroller to order a new appraisement.

When a banking association transfers bonds to the Treasurer, to be held by him in trust for the association, the Comptroller must give a receipt to the association for the same, and transfers of such bonds by the Treasurer are valid only when countersigned by the Comptroller. He is also required to keep a register in his office of all such transfers, stating the name of the association for whose account the transfer is made, the name of the party to whom made, and the par value of the bonds transferred. Immediately on countersigning such transfers he must notify, in writing, the association from whose accounts the transfer is made, with kind and numerical designation of the bonds and the amount thereof.

He must permit, once a year, or oftener, the agent of every association having bonds on file to examine his books and compare them with those of the Treasurer, to see if they agree as

to the bonds and amounts they have on file.

When bonds are transferred to the Treasurer to secure the circulating notes of a bank, the Comptroller must give to the bank a power of attorney to draw the interest on said bonds and apply it to its own use, but under certain circumstances he may demand such interest.

He must receive worn out or mutilated circulating notes issued by any banking association, and on due proof of the destruction of any such circulating notes, deliver in place thereof new blank circulating notes in exchange. He must enter on his books the certificate of destruction of notes and forward a duplicate to the association whose notes are thus canceled.

When banks belonging to National Currency Associations apply for additional currency under the act of May 30, 1908, the Comptroller must forward such application to the Secretary of the Treasury with his recommendations. He has the same duty to perform when any bank applies for additional circulation on depositing bonds other than those of the United States.

He must verify the monthly returns of amount of circulating notes based on bonds other than those of the United States, by an examination of the books of the bank issuing the same.

On appointing a receiver for a bank, he must cause notice to be given of such action through advertising in some newspaper. He must from time to time cause ratable dividends to be made by the receiver of the proceeds of the assets of the bank. When the receiver has paid all the claims against such banks, it is the duty of the Comptroller to call a meeting of the stockholders, to determine upon the future of the bank. He is empowered to execute any deed, transfer, or other instrument in writing that may be necessary to wind up the business of the bank.

In addition to having a supervisory control over all national banks, the Comptroller has the same over all banks and trust companies in the District of Columbia.

His Powers.

He may approve or disapprove of the name selected by any association under which to do banking business, and may approve or disapprove of any change in name or location; the same with applications for extensions of corporate extension, and all amendments to the articles of association.

He has the power to order a reappraisal of the value of the shares of a bank when one of the shareholders desires to withdraw and is not satisfied with the appraisal made by the bank.

He has the power to extend for a period of twenty years the corporate existence of any bank.

He determines whether a bank may increase its capital stock or not, and he must determine whether or not a bank may reduce its capital stock.

He has authority to examine the books of the Treasurer of the United States for the purpose of ascertaining the correctness of any transfer or assignment of the bonds deposited by an association.

He gives to associations desiring to begin business the proper authorization, and at the proper time supplies them the circulation notes. But he may withhold such certificate whenever he has reason to suppose the shareholders have formed the same for any other than the legitimate objects contemplated by the law.

He may call for the deposit of additional bonds when the market value of the bonds shall fall below the par value.

He causes all plates and dies to be engraved and all notes printed.

He may require shareholders to make good any impairment of the capital. It is under this section he gets his implied powers to supervise loans, and the security on which loans are made. Whenever he thinks a bank is insolvent, and when the association neglects or refuses to make good any impairment of its capital he has the power to appoint a receiver and wind up the business of the bank.

His right to pass upon the securities given for loans has been questioned. It

is admitted that when he finds a bank making loans in excess of the limit fixed by law he may require the association to reduce such loans, but as to passing upon the value of the securities, that is another matter, bankers generally holding that is a matter entirely within their province. This question was pretty well threshed out before the National Monetary Commission last year, but no conclusion arrived at. The Comptroller admitted that he was powerless to enforce many of his regulations. In his statement Comptroller Murray said:

"This year there will go over my desk about 15,000 letters of criticism addressed to the banks. Those letters range in length from two pages to twenty, telling the banks wherein they are violating the law and asking them to remedy those violations. There is not a bit of power in the Comptroller to force them to do a single thing he asks them to do. The whole bank act, so far as the working power of the Comptroller is concerned, is simply a rope of sand."

He referred to the fact that notwithstanding the law affixed a fine of $100 a day for each day's delay in sending in a report when called for, many of the banks took their own time.

He appoints all bank examiners, with the approval of the Secretary, and defines their districts and duties.

If a bank fails to deposit lawful money to take up its circulating notes within a time fixed by the Comptroller, he has authority to sell at public or private sale the bonds deposited by the bank.

He may appoint receivers under certain circumstances and sell the real estate and other property of the defaulting association.

How National Bank Notes Are Issued and Redeemed.

One of the interesting features about the Comptroller's office is the method of handling the money going out for circulation or coming in for redemption. Of course the Comptroller has nothing to do with any currency except that of national banks. The legal tenders, silver certificates, gold certificates and other forms of United States notes pass through the hands of the Treasurer and Register of the Treasury. When an association is formed and makes application to the Comptroller of the Currency for circulating notes, that officer causes the proper plates and dies to be made, and when made and approved by him they are sent by special messenger to the printing bureau. In that bureau the paper for such notes is kept under a strict guard at all times. When the plates are given to the printer, he is supplied with just the number of sheets of paper necessary to print the amount needed, for which he gives his receipt, and is required to account for every sheet. If a sheet is spoiled, he must make a proper requisition to obtain another, turning over the spoiled sheet to the proper officer. The plates must be returned every night to the custodian. After the notes have been printed, they pass through the hands of an expert, who examines each sheet, throwing out all imperfect ones.

When the printing is accomplished the notes are placed in a steel-framed van, and under an armed guard are taken to the Treasury Department, where they go through another count, to verify that of the printer. When the Comptroller is satisfied the proper bonds have been deposited with the Treasurer, he sends the blank notes to the association calling for them, where they are to be signed by the proper officers of the association.

The same careful routine is gone through with when additional currency is called for. When not in use by the printer, the plates and dies are kept in burglar and fire-proof vaults under the charge of the Custodian, who has them inspected once a year.

When a bank sends in a lot of worn or mutilated currency for redemption, or a bank desires to retire its circulation and sends in the notes, to prevent any possible mistake they are first sent to the Treasurer, where they are carefully counted, and in the case of worn or mutilated notes, separated so they may be credited to the proper bank of

issue. They are then sent to the Comptroller, where they are counted again and canceled by punching holes through the middle. Then they must be counted by an agent of the bank sending them in, and once more they are counted by a committee appointed by the Secretary of the Treasury. If all four counts agree, they are then taken, under the charge of the committee, to the macerating machine, where the packages are placed in the machine. The machine is then locked in the presence of the agent of the bank and the Comptroller. The Committee gives a certificate of the destruction, and that certificate is entered of record by the Comptroller.

In the case of United States issues, the notes when sent in for redemption are first counted in the office of the Treasurer, where they are cut into halves longitudinally. The upper halves are sent to the Register, who counts them and enters them upon the proper book. They are finally macerated and destroyed, under the supervision of a representative from the office of the Secretary, from the Treasurer and the Register. During the fiscal year of 1908-9 the Register's bureau destroyed United States notes to the amount of a little more than $620,000,000.

Since the organization of the bureau there have been twelve Comptrollers—Hugh McCulloch, from 1863 to 1865; Freeman Clark, 1865 to 1866; H. R. Hulburd, 1867 to 1872; John Jay Knox, 1872 to 1884; Henry W. Cannon, 1884 to 1886; Wm. L. Trenholm, 1886 to 1889; Edward S. Lacey, 1889 to 1892; A. Barton Hepburn, 1892 to 1893; James H. Eckels, 1893 to 1897; Charles G. Dawes, 1898 to 1901; W. B. Ridgely, 1901 to 1908, and the present incumbent, Lawrence O. Murray, appointed in 1908. Mr. Knox served longer than any other. He had formerly been Deputy Comptroller, and before that had long been connected with the Treasury Department, so it may be said he grew up in the service. The present incumbent also served a term as Deputy Comptroller.

(To be continued)

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

THE BANK OF GERMANY IN 1909

THE annual report of the Imperial Bank of Germany for 1909 reflects the comparative tranquility of financial conditions during the year. It is stated that at the beginning of the year demands for credit at the bank diminished so that the rate of discount, which was reduced to four per cent. in June, 1908, was lowered to three and one-half per cent. on February 16, 1909; and this level, in spite of the extreme political tension in Europe, met the needs of the stock exchange, and the great activity in new issues and had been maintained until September. The rate of four per cent. was established on September 20, to be followed by a rise to five per cent. on October 11, under the influence of the monetary pressure in London. The average rate for 1909 was 3.925 per cent., as compared with 4.764 per cent. during the preceding year.

The circulation of notes reached on December 31, 2,071,000,000 marks ($492,000,000), the highest figure ever attained. The tax paid on issues in excess of the authorized limit amounted to 3,862,052 marks. This was less by about 1,800,000 marks than the heaviest payments of the panic year, 1907. The average reserve of the year was 1,046,-

333,000 marks ($248,500,000), of which 795,251,000 marks was in gold. The amount of gold purchased during the year, in bars or foreign coin, was 155,241,355 marks, at a net loss to the bank, in view of unfavorable exchanges, of 166,723 marks.

The number of pieces of commercial paper discounted upon Germany was 5,069,248, amounting to 9,769,000,000 marks. The average holdings of such paper were 812,000,000 marks. The average holdings of foreign bills, which have come to play an important part in the policy of the bank, were 107,000,000 marks, or about twelve per cent. of total bill holdings. The number of foreign bills discounted was only 58,757,- but the amount was 589,000,000 marks. The gross earnings of the bank were 53,411,854 marks ($12,700,000). After the deduction of 30,330,344 marks for cost of administration, taxes, etc., the net profit remained at 23,081,510 marks. The dividend for the year was fixed at 5.83 per cent., as compared with 7.77 per cent. for 1908.

BANKING REGULATIONS IN CHINA

RECENT decrees of the Chinese Ministry of Finance indicate the purpose to put an end to unauthorized issues of bank-notes by private individuals and small banks which have no official sanction. In the case of banks not officially established, notes can be issued only when five substantial guarantors are obtained in the shape of other banks, which are bound to make good the value of the notes in case of loss. Cash shops with sign-boards, which issue cash notes, are allowed to continue temporarily the issue of notes, provided they obtain five reliable mercantile firms to guarantee the notes against loss. Banks which are not registered are required to apply for registration within six months or to provide for the retirement of their notes after that time.

The regulations for future issues conform in some respects to those of the Bank of England. The circulation of existing banks is cut off at the amount of their present circulation, calculated upon the maximum on any day of the month following the publication of the regulations. Every bank, whether official or mercantile, is required to have a reserve fund against the notes issued, consisting of at least forty per cent. in cash and the remainder in government bonds, reliable shares, script or deposit notes. This fund must be kept separately in the vaults of the bank and not mingled with other assets.

Beginning with next year all banks are required to withdraw twenty per cent. of their notes from circulation annually. Those banks wishing to retire their circulation at once are authorized to make arrangements with the Ta Ch'ing Bank to deposit satisfactory securities and to borrow a sum of money, which can be repaid in annual installments at a low rate of interest. Beginning with next year every bank must make monthly reports to the Board of Finance on a form supplied by the board, showing the amount of notes issued and the amount of reserve held. Provision is also made for official inspection of the banks. It is also reported from Peking that the government has decided to forbid the circulation of foreign paper money in China after five years.

BANKING IMPROVEMENT IN AUSTRALIA

THE returns from the twenty-two banks doing business in Australia and New Zealand show a marked improvement for the year 1909 over the two previous years. Deposits and current accounts for the banks of Australia, which stood on December 31, 1907, at £111,696,498, increased for December, 1909, to £119,754,598. Practically the entire increase for the two years took place in 1909, the increase for 1908 having been only £63,866. This difference is partly accounted for by the fact that two or three of the state governments largely reduced their balances in 1908 and increased them in 1909. The exact amount is not known, but may be placed

at approximately £2,000,000 each year. Upon the development of banking in New Zealand, comment is made by the *London Economist* of April 16 last as follows:

"The experience of the banks in New Zealand has been instructive. Owing chiefly to a falling off in the value of exports and increased imports, as well as to the high value to which land rose in 1908, deposits fell off by £2,423,991, and advances, etc., increased by £1,272,-980. A great clamor was made against the banks for not increasing their advances, and threats against them were indulged in. But it was manifestly the only true policy to scrutinize closely all applications for fresh accommodation. Subsequently, when the relation between imports and exports became more favorable, deposits increased by £1,880,432 and advances, etc., decreased by £2,-743,832 in 1909. A policy of sound banking practice has been vindicated."

One of the interesting items in the balance-sheets of the Australasian banks is the amount of remittances in transit, which amount to about seven per cent. of total assets and to a much larger proportion of active assets. The compilation of all the balance-sheets for December 31, 1909, as made by the *Economist,* shows the following results:

LIABILITIES.

Capital resources (capital, reserves, etc.)	£28,348,246
Notes in circulation	5,317,164
Bills payable and other liabilities	17,416,676
Deposits and other liabilities	157,929,281
Total	£209,009,367

ASSETS.

Coin and bullion, cash balances, etc	£50,246,796
Remittances in transitu, etc	13,919,161
Public securites	12,997,275
Dscounts, loans, etc	126,250,238
Bank premises, etc	5,595,897
Total	£209,009,367

BANKING CONDITIONS IN THE ORIENT

AN interesting summary of trade conditions in the Philippines and in China and Japan was made at the half-yearly general meeting of the shareholders of the Hongkong & Shanghai Banking Corporation by the chairman. As reported in the *London Economist* of April 2 last, he summed up conditions as follows:

"As regards the Philippines, I am pleased to say that our advices point to brighter prospects opening up for these islands. The rice crop of 1908-9 was disappointing, but the export of hemp was the highest on record, and the Payne tariff bill has proved beneficial to sugar and tobacco, and is calculated to give a stimulus to the cultivation of these commodities.

"The introduction of more capital seems to be the chief thing required to bring about greater prosperity, and in the United States of America they have immense resources to draw upon as soon as capitalists realize that there is safe and profitable employment for their money in the Philippines.

"Japan, like other countries, has also been passing through a state of depression as regards the import trade, which shows a considerable falling off during the past year. This was largely due to a lack of confidence and a consequent disinclination on the part of Japanese banks to finance enterprises so freely as formerly, but this restriction of credit has had the desirable effect of bringing about a much healthier condition of affairs.

"Coming nearer home, there seems no doubt that Hongkong and the southern ports in China are at last recovering from the long period of depression which dates back from 1905; one of the most promising signs, so far as Hongkong is concerned, being a gradual improvement in the inquiry for property, which would hardly take place unless it was generally felt that we were entering upon a period of greater prosperity. Chinese merchants have done better than for some years past, and business gen-

erally is showing signs of greater activity, more especially in imports. News from North China is also distinctly encouraging.

"There is said to be a wonderful change in the condition of the people in many provinces, signs of growing prosperity are well in evidence, and cultivators are gradually extending their spheres, encouraged by the railways opening up new districts and providing better and quicker means of transportation than hitherto obtainable. It looks as if the people of China already realize the tremendous advantages to be gained from an extended railway system, and, if this is so, it means the beginning of an impetus to a more forward policy in this direction. It requires no stretch of the imagination to see the benefits to be derived from the carrying out of such a policy."

CURRENCY REFORM IN THE FIJIS

AN interesting indication of the extent to which modern banking methods are finding their way into the most remote quarters of the world is afforded by the report of the British Colonial Office on Fiji for 1908. The following account is given of the development of currency and banking in the islands in recent years:

"The legal tender currency and the only coin in circulation is British sterling. There is no government note issue. There are two private banks established in the colony, namely, the Bank of New South Wales and the Bank of New Zealand, both of which have branches at Suva and Levuka. Both these banks have a private note issue, the amount in circulation on the 31st December being estimated at £5,940. It will be seen that the circulation of notes has become greater, and is steadily increasing. This is due to an effort of the local banks to retain within the colony, so far as is possible, gold imported by them from Australia and New Zealand, for which they have to pay freight and insurance at the rate of from 10s. per £1,000. The policy of the banks is due to the fact that gold to some very considerable extent is hoarded by East Indians chiefly, and taken away with them on repatriation. The amount of gold thus withheld from circulation in recent years has been a considerable one.

"In addition to these banks a government savings bank was opened on the 13th February, 1908. To the end of the year deposits to the value of £1,908 5s. were made, and £406 9s. 4d. withdrawn, leaving a sum of £1,501 15s. 8d. to credit of depositors. No interest has yet been earned by the bank, but moneys have been placed on deposit with the local banks, earning three per cent. interest, as against two and one-half per cent. paid to depositors. It is hoped that facilities will be given to the public to use the bank at places other than Suva in the near future. The best means by which these facilities may be afforded to the public in other districts have not yet been decided upon, and pending the adoption of regulations to govern branch savings banks, it has been considered inadvisable to open the contemplated branch of the bank at Levuka."

NEW BANK FOR INDIA

A NEW bank has been established in London for the Indian and Eastern trade, under the name of the Eastern Bank, Ltd. The board includes such strong members as Lord Balfour of Burleigh and Sir Jacob E. Sarsoon of Bombay. The field of the institution is defined in the prospectus thus:

"In view of the great expansion of Indian and Eastern trade, the Eastern Bank Limited has been established for the purpose of transacting both exchange and local banking. The usual banking business will be undertaken. Shipments to and from India and the East will be financed, and there is a further large scope for the profitable employment of money by making advances to natives and Europeans against merchandise and other securities. At certain seasons of the year the rates of

interest that can be earned in India are very high, while in London money can be obtained at much lower rates. Since no advance would be made even at high rates of interest except on good security, handsome profits can be made in this way, both on the capital of the bank and upon additional funds obtainable at low rates of interest."

The capital is fixed at £1,000,000, in 100,000 shares of £10 each, of which £5 will be called up, the remaining £5 only being payable in the event of the company going into liquidation.

BANKING CONDITIONS IN GREECE

THE Ionian Bank made a profit during the year 1909 of about $190,000, the highest amount heretofore made in any one year. The dividend was fixed at six per cent., the same as for 1908, and about $140,000 of the profits were carried to reserve. The directors have been influenced towards this policy of strengthening the position of the bank partly because they have recently undertaken business in Egypt, and their experience in this quarter is not sufficiently long to enable them to judge what the future may be, and a prudent policy is the wisest in the circumstances. The chairman's speech is a very instructive review of business conditions in Greece. The staple production of Greece is currants, and the crop of 1909 was, like that of 1908, an exceptionally large one. The foreign demand for currants is falling off, and Greece is again faced with the problem of over-production. The speech deals also with a difficulty of a different kind in Egypt, namely, the shortage of the cotton crop, but here the enormous rise in the price of Egyptian cotton more than compensated for the short supply. With regard to finance in Greece, the chairman reports that the debased paper currency has at last been re-established upon a sound basis. Actual parity was reached in November and December last, and the equalization of the gold and paper drachma has now been attained.

FINANCIAL IMPROVEMENT IN BRAZIL

REPORTS from Brazil indicate that the improvement in the markets for coffee and rubber has stimulated exports on favorable terms and that the result has been to greatly strengthen the financial situation. The correspondent of the *London Economist* at Rio de Janeiro, in a letter published on April 16 last, sums up the financial status thus:

"Imports of specie have, therefore, grown very largely, and to-day the stock of gold at the Caixa de Conversao (Conversion Treasury) stands at £13,950,000, against £5,420,000 during the same period last year, an increase of no less than £8,530,000 in one year. The influx of this large amount of gold has exercised a most beneficial influence throughout the Republic in many ways. The retail trade in the Northern States, after several years of acute depression, has again become active, under the stimulus of the unexpectedly high value of rubber, and in the remaining States the rise in value of other staples has likewise animated retail business. Revenue has increased and exchange has kept steady and firm. A good many pessimists expected to see exchange fall during the election period, owing to possible disturbances. The Banco do Brazil, however, maintained its rates, and no electoral outbreak has so far taken place, nor are there any indications of such occurring in the near future. The large amount of convertible currency in circulation has considerably eased the money market, and has even had the effect of inducing some brisk dealings on the hitherto moribund Rio Bourse during the last few days. Business, however, was mainly speculative, and the revival of stock dealing appears to be already dying away."

SAVINGS BANKS

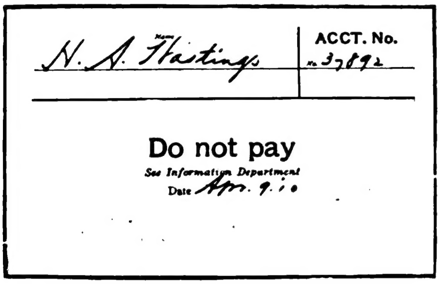
Conducted by W. H. Kniffin, Jr.

THE TELLER AND HIS TASK

STOP ORDERS AND DRAFTS AND DEPOSITS BY MAIL

By W. H. Kniffin, Jr.

THE loss of a savings bank pass book is an easy matter, and of common occurrence. It is doubtful if any feature of savings bank management, aside from deceased persons' accounts, is attended with more annoyance than is the matter of lost books. For the owner, it means anxiety, delay, notice to bank, advertising expense, affidavit or bond, as the case may be, and a search of likely places in which the loss may have occurred. For the bank, it means explanation, search of the indices for

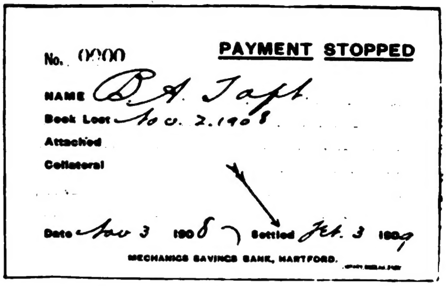

Name H. A. Hastings | ACCT. No. No. 37892

Do not pay
See Information Department
Date Apr. 9. 10

Form 1—Stop order with reference to files

name or number, stop order, preparation of the advertisement, and often the payment of the bill, the drawing of the bond or affidavit and the closing of the old account and the opening of the new. Many banks make no charge for all this, except the advertising, attending to the details as a matter of courtesy. Most banks have forms for the several steps, which will be reserved for another paper, tracing in detail the procedure in cases of lost books and issue of new ones, or payment of the money, which amounts to the same thing.

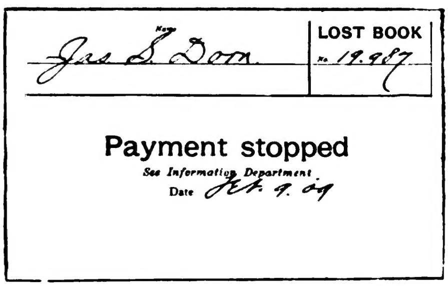
It is quite the universal practice to require that notice of lost books be immediately filed with the bank, and instructions to this effect are to be found on practically all pass books of such institutions. And the depositors are quick to do so, as many are fearful that the


No. 0000 PAYMENT STOPPED
NAME B. A. Taft
Book Lost Nov. 2. 1908
Attached
Collateral
Date Nov 3 1908 Settled Feb. 3 1909
MECHANICS SAVINGS BANK, HARTFORD.

Form 2—Stop card, bright red in color, placed in the card signature drawer with the signature card, to which it is attached, Mechanics' Savings Bank, Hartford, Conn.

loss of the book means the loss of the money.

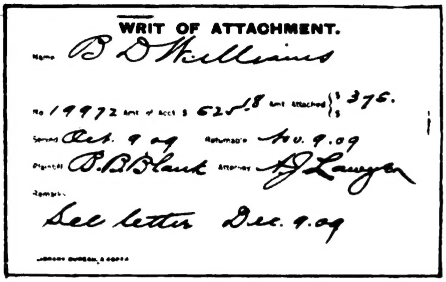
The situation is materially different when, through theft, the book gets into the wrong hands, and fraud is perpetrated on both bank and depositor. Due notice cannot, therefore, be promptly given, and the bank is frequently at the mercy of crooks. It is obviously needful that due precaution be taken at all times to ascertain the identity of


Name Jas S. Dorn | LOST BOOK No. 19.987

Payment stopped
See Information Department
Date Feb. 9. 09

Form 3—Stop payment card to be filed in card signature cabinet when book is reported lost

persons presenting pass books, especially in the larger institutions and where not personally known. There are many cases of such nature in the law


WRIT OF ATTACHMENT.

Name B D Williams

No 19972 Amt of Acct $ 625.18 Amt Attached $ 375.

Served Oct. 9 09 Returnable Nov. 9.09

Plaintiff B. B. Blank Attorney A J Lawyer

Remarks

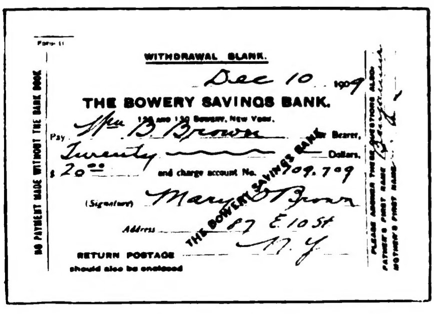
See letter Dec. 9.09

Form 4—Stop payment card showing account to have been attached

reports and in spite of the fact that many banks have by-laws to the effect that payment will be made upon presentation of the pass book, such payment will not and has not been sustained unless the bank can show reasonable care in making the payment. To pay "hit or miss" to anyone presenting a pass book with no other credentials, is neither good banking nor good law, by-laws to the contrary notwithstanding.

Mistaken Identity.

Even in small banks, where many if not all the depositors are personally known to the officers, frauds may be perpetrated, through mistaken identity,


WITHDRAWAL BLANK.

Dec 10 1909

THE BOWERY SAVINGS BANK.

Pay Mrs B Brown or Bearer,

Twenty Dollars.

$ 20.00 and charge account No. 709.709

(Signature) Mary B Brown

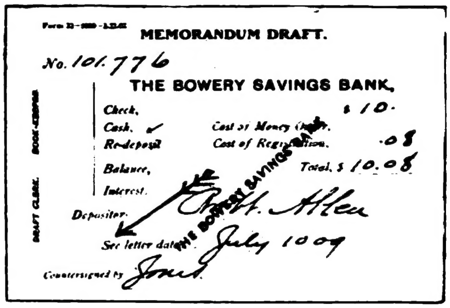
Address 27 E 10 St N.Y.

RETURN POSTAGE should also be enclosed

NO PAYMENT MADE WITHOUT THE BANK BOOK

Form 5—For withdrawals by mail. Bowery Savings Bank

as will be illustrated by the following instance: A German by the name of Schmidt had an account in a savings bank, and like many of this race was a frequent depositor. He had a brother who resembled him in many ways. In due time several drafts were made on the account, each time being accompanied with explanations and apologies. The frequency of the withdrawals becoming suspicious, the teller called attention to the balance, and immediately discovered that he had been paying the brother, thinking he was the true owner of the book. The perpetrator of the fraud was given his choice between a charge of fraud and forgery, or restitution, and wisely chose the latter. It was simply a case of mistaken identity, but had the signatures been compared, the


MEMORANDUM DRAFT.

No. 101.776

THE BOWERY SAVINGS BANK.

Check, $ 10.

Cash. Cost of Money Order.

Re-deposit Cost of Registration. .08

Balance, Total $ 10.08

Interest.

Depositor E. H. Allen

See letter dated July 10 09

Countersigned by Jones

Form 6—Memorandum draft used when depositor requests money by letter. Letter filed in proper place with the reference as indicated by arrow Bowery Savings Bank

scheme would have been uncovered at the beginning. But this was an unusual case, and in large institutions, where the personal element does not enter, would not have gone through.

Stop Orders.

The procedure in cases of lost books is of enough importance to warrant a treatment by itself, and will be reserved for the future; suffice for the present to consider the question of stop payment. The first essential is, of course, to make notation, where attention will be called to the fact that the book is under "suspicion," and to look into the matter before payment is made. The usual method in commercial banks in the case of stop payment on checks is to have a register of such items for the

REMITTANCE BLANK.

Mch 15 ~~190~~ 1910

To THE HUDSON CITY SAVINGS INSTITUTION.

Enclosed find check for $ 40 which please credit to account No. 89.790 in name of B P Black Pass Book sent herewith. Please return the book to the following address, and oblige

Very truly yours,

(Name) H H White

(Address) Red Hook

N.Y.

RETURN POSTAGE
SHOULD ALWAYS BE ENCLOSED.

Form 7—Deposit ticket for mail order use with instructions to enclose postage. Hudson (N. Y.) City Savings Institution

FOR DEPOSIT BY MAIL

PASSBOOK NO. 26.789

AMOUNT DEPOSITED, $ 100.00

DEPOSITOR'S NAME Phoebe Snow

PRESENT ADDRESS C/o D L & W R R

Carthage St. N.Y.

Note instructions on the back.

To Deposit.

1st. Fill out all the blank spaces on the other side of this memorandum ticket.

2nd. Put this memoranda, with a 2c stamp and the deposit, in the passbook.

3rd. Seal the passbook in its own envelope, put on a 2c. stamp and mail it.

To send a Deposit, obtain:

A check drawn on a New York City bank.

An Express Co. money order,

Or a Post Office money order.

Either of these should be made payable on its face to the Dollar Savings Bank.

Or bills may be enclosed, in which case the letter had better be registered, at the extra cost of 8c.

Note.

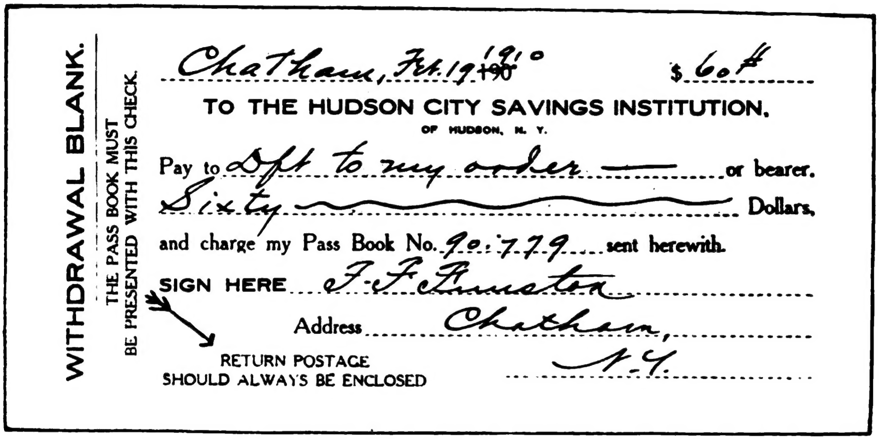
The Bank assumes no responsibility for safe delivery of deposits sent thru the mail.

Form 8—Deposits by mail with full instructions on the back of deposit ticket. Dollar Savings Bank, New York

teller's use, and such orders must be more or less a matter of memory, with the register as a guide; but in savings banks, notation can be made on the ledger account, where the old style index is used, and where the card index is in force (as it is in most banks and eventually will be in all), a card with distinctive color, as in Form 1, which is bright red, can be inserted with the signature card; or better, attached to it with paper clip, and it thus stands as a railway trainman waving a red flag at the teller to go slow at this point, there is danger ahead. He therefore looks up the letter file, or information department, or whatever may be referred to on the card and ascertains why payment should not be made.

Other things than the loss of the book will tie up an account, as, for instance, disputed ownership, writ of attachment, hypothecating the book as collateral security, etc. And where such attachments or notice not to pay are filed, it is always safe to follow them, even in the case of joint or trust accounts, until the matter can be settled between the disputants. (Form 4.)

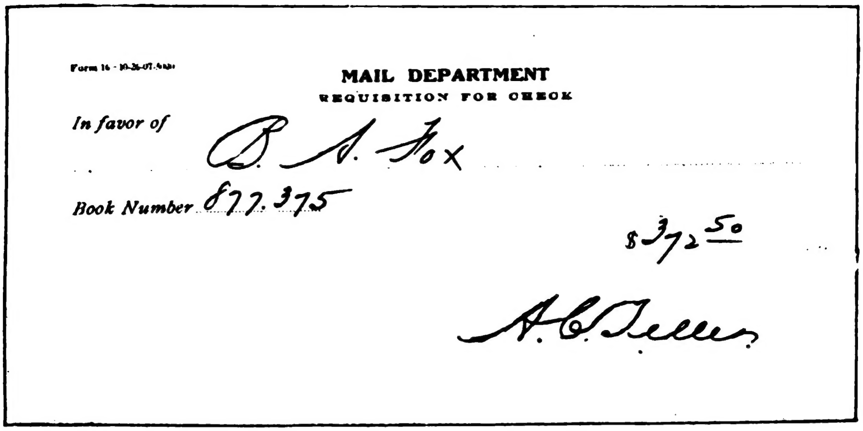
The case of Mulcahey vs. Emigrant Industrial Savings Bank arose from a payment made contrary to a stop order. The account was in joint names, and upon the death of one of the parties, the other joint depositor notified the bank "not to pay her money" to the wife of the deceased depositor, "when she should come to the bank with the pass book." Disregarding the notice, the bank paid the holder of the book upon presentation of the same with letters of administration. The ruling of the court was, in substance, that having paid to the legal representative of the deceased depositor, the bank assumed the hazard of being compelled to pay again to the other joint depositor, upon her establishing her actual right to the funds; and properly, the case was one for an interpleader in which the respective rights of the claimants could be judicially determined. (Mulcahey vs. Emigrant Industrial Savings Bank, New York Savings Bank Cases, p. 39.)


WITHDRAWAL BLANK.
THE PASS BOOK MUST BE PRESENTED WITH THIS CHECK.
Chatham, Feb. 19 1910 $60.
TO THE HUDSON CITY SAVINGS INSTITUTION,
OF HUDSON, N. Y.
Pay to Dft to my order —— or bearer.
Sixty —— Dollars.
and charge my Pass Book No. 90.779 sent herewith.
SIGN HERE [illegible]
Address Chatham, N. Y.
RETURN POSTAGE SHOULD ALWAYS BE ENCLOSED

Form 9—Draft for mail order banking with instructions to enclose postage. Hudson (N. Y.) City Savings Institution

Likewise the case of Clark vs. Saugerties Savings Bank came about through failure of the bank to heed the injunction "not to pay the money to anyone but herself." Disregarding this notice also, the bank paid a draft of $500, signed by the husband of the depositor, upon his statement that the wife had sent him, by issuing a check to the depositor's order and then permitting the husband to endorse the wife's name "as by her authority," by mark duly witnessed. The bank lost in this case. (N. Y. Sav. Bank Cases, p. 55.)

Frequently in family quarrels bank accounts become involved, especially


MAIL DEPARTMENT

REQUISITION FOR CHECK

In favor of B. A. Fox

Book Number 877.375

$372.50

Form 10—Requisition for check in payment of order by mail. Bowery Savings Bank

joint accounts, and the bank is notified not to pay the other. The contract usually is to pay either, and until notice it has the perfect right to do so, but in such instances it is always wise to refuse to pay either without the signature of the other, or to ask for a caveat against the account, thus legally tying it up (Form 4); or to pay the money into court and let the disputants settle the controversy among themselves. Frequently, if the matter is held up for a little time, the affair will adjust itself. In one New York bank notice is given the interested parties that unless suit is brought to determine the ownership within thirty days, the bank will take a certain course, and experience demonstrates that time is the great healer of such disputes.

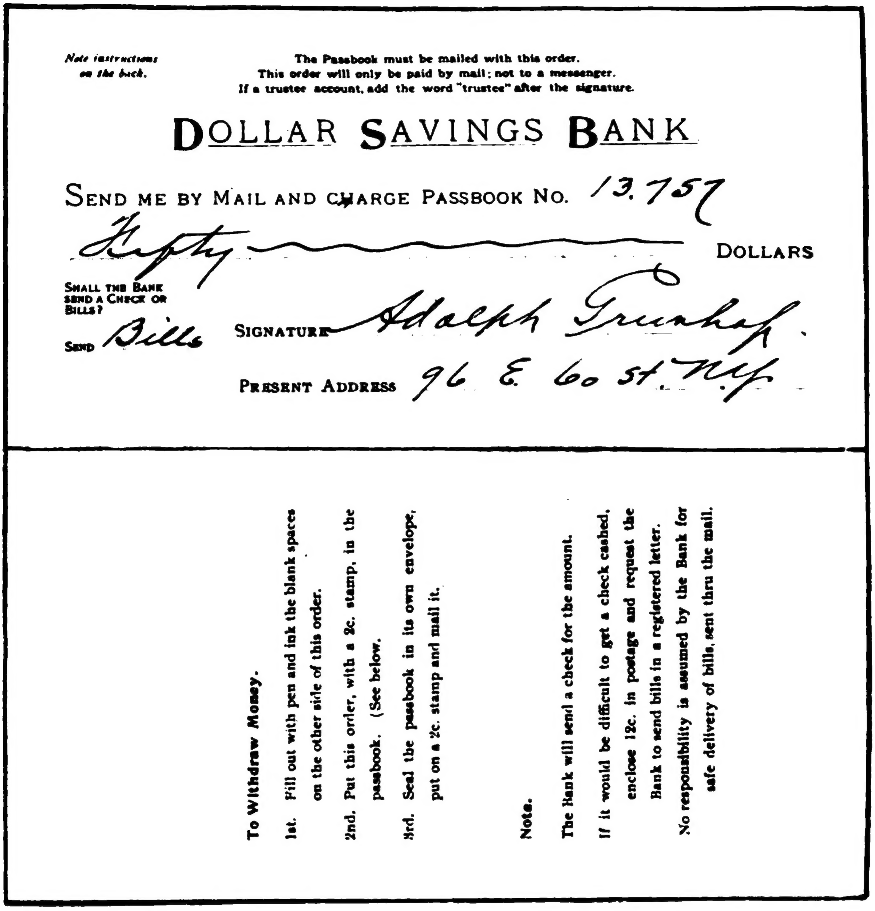
Banking Through the Mails.

Banking by mail and banking through the mails are somewhat different. The one may be a feature of the business; the other only an incident. The banks featuring banking by mail are located in the Middle West, and the magazine advertising pages would seem to indicate that it is a profitable line of business, and will merit treatment by itself. For the present, however, mail banking *as an accommodation to customers* only will receive attention.

As a matter of fact, anyone wishing to save time and trouble, as well as expense, especially in dealing with large banks, where standing in line and waiting one's turn is in order, would do well to look into the advantages of this "back door banking," as it were,—going in with the mail man and receiving prompt attention. A wealthy woman discovered the advantages of this method, when after making a trip around among her depository banks twice yearly, that cost not less than twenty-five dollars and occupied two or three days' time, she was advised to simply sit down and write a letter, requesting the bank to forward her interest, order for which was enclosed, with book. Such a course probably cost two dollars in postage, and occupied two or three hours, but it was a vast saving, both of time and money over the old method.

All banks have provision, more or less elaborate, for the handling of deposits and drafts through the mails. A deposit coming in the form of check, money order, or registered letter, may be turned over to the teller and put through as a regular transaction, and duly acknowledged by the correspondence clerk. If the business warrants, a separate account can be kept of such transactions and turned over to the teller in bulk. After the first transaction, a form similar to Nos. 7 and 8 is useful, and depositors are glad to comply with such instructions as are found on the back of the latter form.

In the matter of withdrawals, payment may be made in cash, by registered mail, or by check to depositor's order. The usual order received is a letter asking for funds; and if this is couched in terms that constitute an order on the bank, it is usually honored, the letter being filed as an order, or as in Form 6 of the Bowery Savings Bank, filed among the letters and "memorandum draft" properly filled out by an officer and initialed, filed among the vouchers. This would go through the books as a cash payment, if cash were sent, or as payment to depositor by check over the counter if draft were issued. (See Form 10.) And as in the matter of deposits, where this becomes a common occurrence, proper withdrawal blanks could be furnished the depositor with information and instructions, so that delay and annoyance would be eliminated. (Forms 5, 9, 11.) In treating of withdrawals in BANKERS MAGAZINE for December, 1909, many good forms were shown, with full instructions. Those of the Bowery Savings Bank, and Dollar Savings Bank, of New York, shown herewith, are both in good arrangement.



Note instructions on the back.

The Passbook must be mailed with this order.
This order will only be paid by mail; not to a messenger.
If a trustee account, add the word "trustee" after the signature.

DOLLAR SAVINGS BANK

SEND ME BY MAIL AND CHARGE PASSBOOK NO. 13757

Fifty DOLLARS

SHALL THE BANK SEND A CHECK OR BILLS?

SEND Bills SIGNATURE Adolph Grunhof.

PRESENT ADDRESS 96 E. 60 St. N.Y.

To Withdraw Money.

1st. Fill out with pen and ink the blank spaces on the other side of this order.

2nd. Put this order, with a 2c. stamp, in the passbook. (See below.)

3rd. Seal the passbook in its own envelope, put on a 2c. stamp and mail it.

Note.

The Bank will send a check for the amount.

If it would be difficult to get a check cashed, enclose 12c. in postage and request the Bank to send bills in a registered letter.

No responsibility is assumed by the Bank for safe delivery of bills, sent thru the mail.

Form 11—Withdrawals by mail with instructions for drawing money on the reverse side. Dollar Savings Bank, New York

Inasmuch as all such transactions cost money for postage, it is quite a common procedure to ask the depositor to defray the expense, either by request for stamps, instructions to inclose post-

age, or by deducting the same from the remittance. (Form 12.) In the matter of a draft by mail, in currency, where the letter is registered, the registry fee would be added to the amount of the draft, the remittance taken out of the

In keeping with your order for $ 25.00 received this day, we enclose the amount in cash, and to cover the expense of registering by mail, we have added 10c to the order, which increased amount is entered in your pass-book.

Form 12—Notice sent with remittance, informing depositor of charge for registry Williamsburg Savings Bank, Brooklyn, N. Y.

teller's cash and the ten cents placed in the stamp drawer; but if a draft were sent, this would mean a charge to the depositor, say, $100.10, and a credit to depository bank of but $100, and ten cents would have to come out of the cash. Likewise, in closing accounts, say one for $100, and remitted for less the fee, $99.90, the same procedure would be required. All this may seem a trivial matter, but when it is remembered that some banks deduct postage for all remittances, even as low as two cents, it is not a waste of time to consider this phase of the subject, and in some banks such care of trivial matters would pay the janitor's salary.

SAVINGS DEPOSITS OF THE WORLD

AN interesting summary of the savings deposits of the world has been issued by Mr. William Hanhart, secretary of the Savings Bank Section, American Bankers' Association, and comprises the savings bank statistics gathered by the Comptroller of the Currency and the Monetary Commission. The total deposits for the world are $15,389,672,014, of which Americans contribute more than one-third, or $5,678,735,379. The statistical summary is shown below.

The average American deposit is $381.28, and one out of every six people in this country has a savings account. The average for the world is $101.66, outside of this country, while the average deposit in the postal banks is $49.33, and $140 in the private savings banks. In the United States, the State of New York contributes the largest share, the 140 savings banks reporting on January 1, 1910, holding the immense sum of $1,628,916,868, representing 2,831,380 depositors.

A QUARTER CENTURY OF SCHOOL SAVINGS BANKS

WITH a freshness and vigor rarely to be found in one approaching the "four score and ten mark," Mr. J. H. Thiry, of Long Island City, founder and life-long advocate of the school savings bank, sends out his twenty-fifth annual report of the operation of the school banks, under date of March 31.

At considerable expense and sacrifice, Mr. Thiry has carried on his work, which in many respects is quite unique. The scheme was first tried in Long Island City in March, 1885, since which time it has spread until it covers over twenty States and Canada, school banks being most numerous in New York (principally Long Island), Pennsylvania and Massachusetts. Of foreign

Europe, Asia, Africa, Oceania, Canada, Etc.—	Number of Depositors.	Deposits.
Postal savings banks	40,320,303	$1,989,299,815
Private savings banks	55,204,028	7,721,636,820
Total	95,524,331	$9,710,936,635
United States—		
Private savings banks	14,894,696	5,678,735,379
Total in the world	110,419,027	$15,389,672,014

countries, France makes the best showing, with deposits of $1,425,092.

In the United States there are 1,168 schools in 118 cities operating under this scheme with 203,458 depositors enrolled. It is claimed that ten million children have been reached by this system of systematic saving. The amount received has totaled the creditable sum of $5,051,644.60, of which there has been withdrawn $4,180,948.59, leaving a balance due depositors of $870,696.01 on January 1, 1910. Lack of uniformity of operation and difficulty in obtaining authentic data have made accurate statistics quite impossible to obtain; but the primary purpose is not to roll up large figures, but to educate, and this has been accomplished in the largest sense.

PRACTICAL BANKING

LOOKING AFTER DETAILS

How the Installation of an Elevator Convenience and of Electrically Driven Doors Reflected Credit Upon a Bank's Business Methods

By G. P. Blackiston

APPARENTLY insignificant details do not always receive the attention that they merit. Banking institutions have been especially lax in recognizing and putting into effect those minor but important details that concern the welfare of their patrons. The following account of what the People's Savings Bank of Pittsburgh has done to make its banking quarters agreeable and convenient, is suggestive of what every bank might accomplish if more thought and attention were given to little things.

Elevator Lights.

In each of the four elevators of the building floor lights have been installed. These consist of electric bulbs, one at the lower right hand corner of each door, nearest to the operator's side of the car. As the car is stopped at a floor the light flashes and continues to burn until the car is started. The bank management has also given attention to the elevator service between the various floors and banking rooms. This may seem but a slight improvement, but a hundred and one advantages can be figured as resulting directly from it.

Everybody knows the timidity with which many people enter an elevator. Many consider it nothing more than a bit of the devil's mechanism, built and operated to trap the unsuspecting public and endangering life and limb. This is especially true of country people, some perhaps who have seen an elevator for the first time in their lives. Other people, whose sight is not as good as it might be, have been seen lifting the foot in an uncertain manner preparatory to entering the elevator. The floor is comparatively dark and they have a certain hesitancy about stepping into a conveyance, poised between heaven and earth, not knowing whether its floor is directly in line with the floor they are on or not.

The floor lights throw a brilliancy over the doorway, showing just where the elevator floor is and just how far a person must step to enter safely. Old people, country folk and those with defective eyesight, enter with more confidence because of it. The signal lights for the stopping of up-going and down-going cars remain the same, the floor lights simply being used to light up the doorway when the elevator reaches a certain floor and the door is flung open.

The elevator operators in the building

were the first to see the advantages of the floor lights. They have testified that numerous patrons have remarked about them and in each and every case the remarks were in the nature of compliments to the management of the bank. The elevator operators are in the best position to witness the effect they have had and each has reported that the more timid people who ride on the elevators now do so with more confidence.

The installation of the floor lights cannot be construed as an improvement in the elevator service alone. The busy business man who is used to riding on elevators and is not timid about entering them is not benefited by the unusual brilliancy thrown upon the floor when the car reached a floor, but his attention is attracted, and if he doesn't grasp their significance, he makes it his business to find out why they have been installed.

But the timid ones, who suffer with cold shivers down their backs whenever they board an elevator, are now shown just where and how far they are required to step to reach safety. The floor of the car and the entrance is flooded with light, so that even the person with defective eyesight is able to see what he is doing.

The customers who have seen the elevator floor lights and know why they have been placed there, appreciate that the bank is trying to provide safe accommodations for them. The deduction immediately follows that if a bank is so careful about the little things, which appear too insignificant to merit attention at the hands of other places of business, that bank is the one that is naturally more careful of the accounts which its patrons have placed in its hands for safe-keeping.

Motor Driven Revolving Doors of
Peoples' Savings Bank, Pittsburgh

Automatic Revolving Doors.

The installation of the automatic revolving doors was quite simple, as the work consisted of nothing more or less than the transformation of the old-fashioned kind into two of automatic operation by means of a pair of electric motors.

The old doors at the entrance to the banking rooms were retained in place. They were of the revolving kind, but it appeared to the management that it required too much effort on the part of the patron to push them around so that an entrance might be effected. The pivotal rod of each door was simply connected with an electric motor, which furnished the power to keep them con-

stantly in motion. A plate at the top of each door was connected by a belt to another plate, set upon a metal disc, which was connected with a motor.

Provision was made for accidents liable to happen to those, who unfamiliar with the door, essayed to effect an entrance at a pace too slow. There is a chance for clothing to become caught, but there is absolutely no danger of a serious accident taking place. A slight pressure on the handle of the door is enough to slip the belt and allow the door to remain stationary. The clothing having been rescued, the pressure on the handle is released and the door continues to revolve as if nothing had happened.

As yet the new departure in revolving doors has not been imitated by any bank in Pittsburgh, and thus they are of greater value, because they are an interesting novelty.

FORGERY BONDS — A NEW DEPARTURE IN FINANCIAL INSURANCE

By James P. Gardner

THERE has come to the attention of bankers within recent months a new form of insurance, known as a Forgery Bond. The bond or policy is very broad in its scope, and is designed to protect banks against any loss due to payments on forged instruments of any nature.

This new departure in insurance has already proved to be popular, and as the plan becomes known there will undoubtedly be a large amount of this business written.

Scarcely a day passes but the newspapers chronicle some case of forgery that has become exposed, and there undoubtedly are many cases of fraud of this nature that are not brought to the notice of the public.

The subject of forgery is one ever present in the mind of a diligent banker, for he knows not when or from what quarter he may be threatened or at what moment a demand may be made upon him for the payment of a forged instrument.

The policy, or bond as it is known, covers any loss the bank may sustain by reason of any payment which it may make in cash or by check, draft or other payment through forgery during the regular office hours of the insured. The policy also covers forgery in connection with notes, bills of lading, warehouse or storage receipts, or any other negotiable instrument bearing the forged signature of the payee or proper endorser thereon.

This form of insurance does not cover loss sustained through counterfeit money or for what might be termed dishonesty within the bank. The usual method of bonding employes and officials and special policies cover this field.

There is a wide opportunity for this ingenious form of insurance, which affords protection to banks and especially to the large banks through which an ever-increasing volume of work passes, much of which by necessity can-

Gouverneur, N. Y., April 21. 1916

TAKE NOTICE:

That a check drawn by........

John Doe

for .... One hundred

Dollars........ payable at

FIRST NATIONAL BANK
OF GOUVERNEUR

and endorsed by you, was by me, this evening presented at said bank, and payment thereof demanded, which was refused. Whereupon, said check was by me PROTESTED for non-payment and the holders look to you for the payment thereof, and for all damages, expenses, etc.

W. W. Burdick
Notary Public.

To Richard Doe
Somewhere
Nova Scotia

Sample of a protest notice adopted to successful use by the First National Bank of Gouverneur, N. Y. This is of a size that requires but one fold, hence the address appears correctly at the opening and enclosure mistakes are reduced to a minimum

not have the careful scrutiny essential to safety. At some point, in some unguarded moment, a check will slip through, a forged bill of lading be negotiated, that may entail a heavy loss to the bank. The recent forgeries of bills of lading in a Southern city, reaching an enormous amount, and extending through several States, and causing great anxiety abroad, may well awaken in the minds of business men the necessity of proper protection in every branch of negotiable instruments, and of availing themselves of every safeguard.

In an article treating the subject at large and in a general way it is not within its scope to quote details or figures that would savor too much of advertising, and yet it is well within the purpose of this journal to bring to light every new feature in banking that will serve to strengthen their internal management. The editor will be pleased to give figures and further data to those interested.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

TRUST COMPANIES

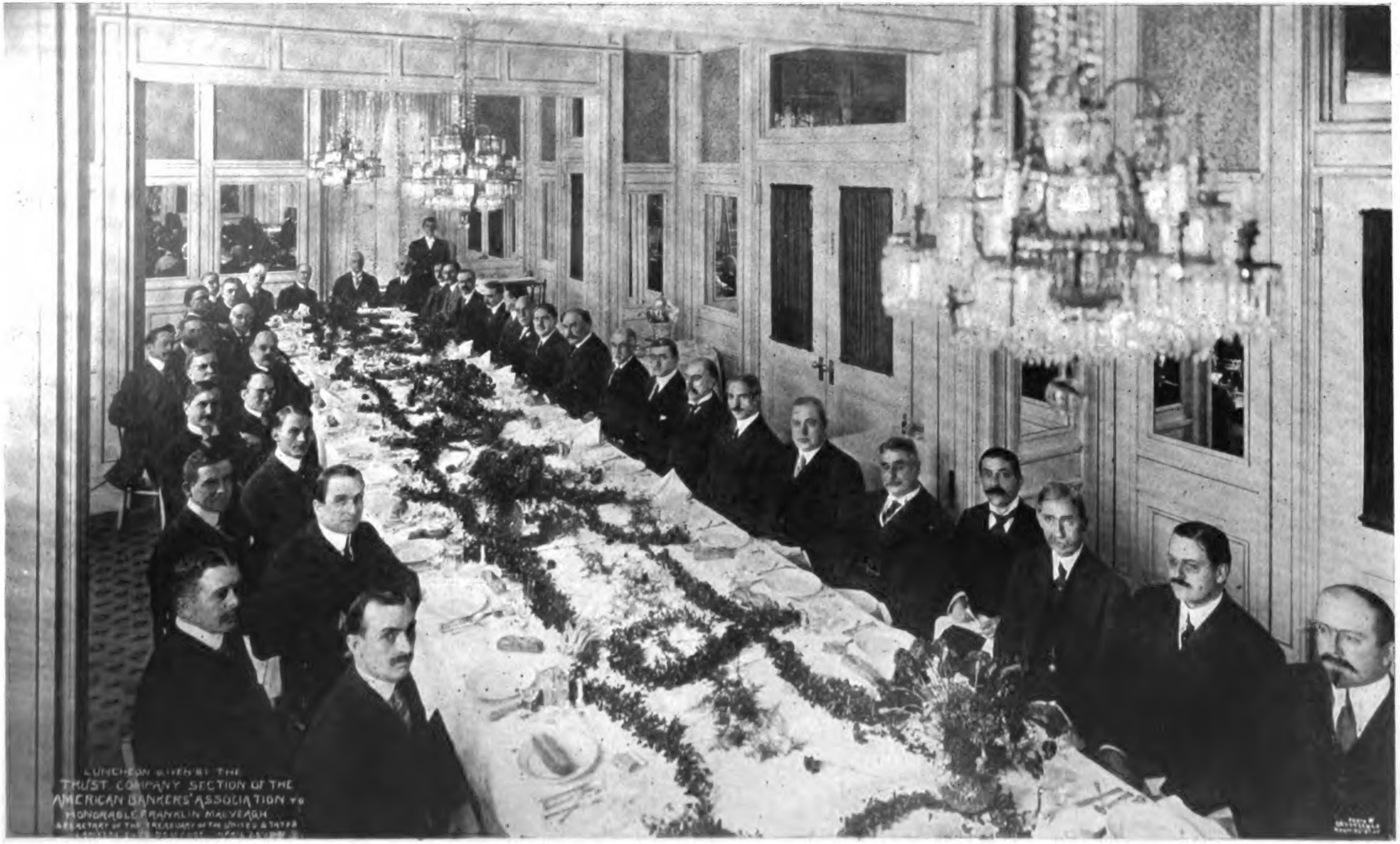
Conducted by Clay Herrick

NEW TRUST COMPANY ASSOCIATIONS

WISCONSIN and Massachusetts have recently entered the ranks of the States having trust company associations. In Wisconsin the movement was led by Oliver C. Fuller, president of the Wisconsin Trust Company of Milwaukee, and first vice-president of the Trust Company Section of the American Bankers' Association. Aside from the ordinary advantages of such an organization in other States, the marked tendency in Wisconsin to rigidly restrict the functions of trust companies affords a special reason for its formation there.

The Massachusetts Trust Company Association was formed in April. In this State trust companies have recently been the object of new legislation imposing increased tax burdens, which are regarded by them as excessive and unfair. In particular, the heavy taxation of trust property held by such companies is considered one of the chief reasons why they have not accumulated a larger amount of fiduciary business. In Massachusetts, too, the individual trustee is pretty well established in popular favor, and there is occasion for a long-continued campaign to demonstrate the superiority of the corporate trustee. The mutual savings bank is also well established in this State, so that the trust companies have very active competition for savings accounts. The reserve requirements for trust companies are high; and altogether the trust companies have ample reason for forming an aggressive organization to look after their interests.

The officers of the Massachusetts Association are as follows: President, Philip Stockton, president Old Colony Trust Company, Boston; vice-presidents, J. G. Mackintosh, president Springfield Safe Deposit & Trust Company, Springfield, and Allen Forbes, vice-president State Street Trust Company, Boston;



Luncheon given by the Trust Company Section of the American Bankers' Association to Honorable Franklin MacVeagh, Secretary of the Treasury of the United States—Lawyers' Club, New York, April 28, 1910

secretary and treasurer, A. C. Ratshesky, president United States Trust Company, Boston.

NEW BANKING DEPARTMENTS

MARYLAND and Virginia have recently adopted legislation creating State banking departments. The Maryland law follows many of the provisions of the New York and Massachusetts statutes, establishing a State department with a Superintendent of Banking, providing an adequate reserve and various restrictions which experience in other States has demonstrated the value of. Trust companies, with other banks, are brought under the jurisdiction of the department.

In Virginia the department is under the charge of an examiner, with a salary of $3,000 a year. He has an assistant examiner, with necessary office force. The law goes into effect on June 8, and it is said that it will abolish private banking, except those bankers or firms which were in existence on January 1, 1910. All State banking institutions, including trust companies, are under the authority of the department, which must examine each corporation at least once each year. The funds of the department are to be raised by assessment fixed according to the total assets of the institutions examined. The declaration of dividends is prohibited until the surplus equals ten per centum of the capital.

The Kentucky Legislature passed a bill for the establishment of a State department in March; but it was vetoed by the Governor (A. E. Willson), mainly on the ground that too much power was placed in the hands of the Secretary of State.

IN CHICAGO

THE custom of maintaining a national bank and a trust company controlled and managed by the same interests is already well started in Chicago, and has recently been more established through the organization by the Commercial National Bank of the Commercial Trust & Savings Bank. This company was organized in April with a capital stock of $1,000,000. W. Irving Osborne is president, and Charles C. Wilson, cashier.

In May two new institutions began business under a similar alliance—the LaSalle Street National Bank and the LaSalle Street Trust Company. The officers of the bank include Senator William Lorimer, president; C. Claven, cashier, and William Lorimer, Jr., secretary. The First National Bank and the First Savings & Trust Company continue to prosper, and in April their capitals were increased to $10,000,000 and $2,500,000, respectively.

RECOVERY

THE complete recovery of the Knickerbocker Trust Company and the Trust Company of America, of New York, from the effects of the panic of 1907, is a matter of gratification to trust companies and banks throughout the country; for these two institutions were the ones which bore the brunt of the trouble during the first days of the panic. The Trust Company of America resumed dividends in 1908, paid nine and one-half per cent. in 1909, and paid a quarterly dividend on April 1, 1910, at the rate of ten per cent. per annum. The rehabilitation of the Knickerbocker Trust Company was completed when, on March 14, 1910, its capital was increased from $1,200,000 to $3,200,000, its outstanding "Series A" certificates were called for payment, and the company became free to resume dividend payments.

The terrific strain to which these institutions were put at the time of the panic may be judged from the fact that the deposits of the Trust Company of America fell from $64,124,995, on August 22, 1907, to $20,193,402, on December 19, 1907—a loss of sixty-eight per cent. in less than four months. The Knickerbocker Trust Company having suspended, did not report on December 19, 1907, but between August 22, 1907, and June 17, 1908—the first call after its resumption on March 26, 1908—its

deposits fell from $62,114,992 to $35,378,490.

On March 25, 1910, the Trust Company of America reported total resources, $35,368,696; deposits, $26,639,227; surplus and profits, $6,459,801; capital, $2,000,000. The Knickerbocker Trust Company, total resources, $43,918,323; deposits, $34,461,469; surplus and profits, $6,486,674; capital, $2,400,000. The first-named company began business in 1895 and the latter in 1884.

INNOVATIONS

CERTAIN of the trust companies of New York maintain offices in London and other foreign cities, and in order to get an exact statement of the condition of these companies, Superintent of Banks Cheney has arranged to conduct examinations of the home and foreign offices simultaneously. This step is in line with sound methods of examination. It has met with the approval of the companies concerned, and a beginning has already been made. The examinations of the foreign offices are conducted by chartered accountants there selected by and working under the general guidance of Superintendent Cheney. Another new thing in the department is the establishment of the position of real estate appraiser, whose duties include the appraisement of the real estate holdings of liquidating banks.

MERGERS

THE tendency, which we have heretofore noted in these columns, to increase the size of trust companies in the larger cities through the merger of existing companies, still continues. In our April number we gave a sketch of the new Old Colony Trust Company of Boston, formed by the merger of the Old Colony Trust Company and the City Trust Company, the new institution taking a place as one of the largest trust companies in the country. Its first statement since the consolidation, that of March 29, 1910, showed aggregate resources of $81,906,263, the deposits amounting to $69,430,575. Another recent merger is that of the Baltimore Trust & Guarantee Company and the International Trust Company of Baltimore, the consolidated company being known as The Baltimore Trust Company, with a capital of $1,000,000 and a surplus of $2,500,000.

TRUST COMPANY SECTION

ON May 2 the members of the executive committee of the Trust Company Section of the American Bankers' Association met at Atlantic City for the consideration of the program for the coming national convention and the transaction of other business. The membership of the section was reported at 1,023, which is an increase over last year of 92, and is the largest membership in the history of the section. The committee on protective laws reported a continuance of active campaigning for the protection of the word "Trust" in titles of corporations, and for better State supervision and examination.

Although no official statement regarding it has been given out, it is understood that the principal topic of discussion was the proposed segregation of savings deposits in trust companies and in State and national banks. Considerable opposition is said to have developed to the segregation plan, the chief arguments advanced concerning the changes that would be required in the method of investment of the savings funds. This question bids fair to be much in the minds of trust company men during the present year.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

LAW RESTRICTING RIGHT TO DO BANKING BUSINESS TO CORPORATION—VALIDITY OF.

WEED ET AL. VS. BERGH ET AL.

SUPREME COURT OF WISCONSIN, FEB. 1. 1910.

The statute of Wisconsin which makes it unlawful for any person, copartnership, association, or corporation to do a banking business without being incorporated as either a national, state, mutual savings or trust company bank, is constitutional and valid.

THIS was an action in equity brought by a private banking partnership against the banking commissioner and the district attorney of Waupaca county to restrain those officials from enforcing chapter 285, Laws 1909, requiring all private banking concerns to incorporate on the ground that the law is unconstitutional.

The plaintiffs appeal from an order sustaining a general demurrer to the complaint. By the complaint it was alleged that the plaintiffs were copartners, and had been such for many years, engaged in the lumber, farming, and milling business at Weyauwega, Wis., and since 1870 had also been doing a banking business at Weyauwega, consisting of receiving deposits, discounting and negotiating notes, buying and selling exchange, etc.; that in 1873, they organized a corporation with a capital stock of $30,000, called the Weed & Gumaer Manufacturing Company, to carry on their general business, which corporation keeps separate books of account and has assets consisting of unincumbered real estate, mills, and other property in and about Weyauwega worth $160,000; that the copartnership had on deposit with it as private bankers upwards of $250,000, and had loaned out over $200,000 on first-class securities, many of which would not come due till after September 1, 1909; that they passed successfully through the panics of 1893 and 1907, and had the confidence and respect of the community; that the defendant Bergh, as state banking commissioner, and the defendant Severson, as district attorney, threatened that, unless the plaintiffs incorporate or go out of the banking business, they would cause criminal warrants to be issued and prosecute the plaintiffs under chapter 285, Laws 1909; that, in order to comply with that law, it would be necessary for plaintiffs to incorporate in a sum in excess of $150,000 or to immediately convert their real estate and chattel holdings into personal property; and that to attempt such a thing would result in forced sales at inadequate prices, confiscation of their property, destruction of their business and irreparable damage; that the law violated the following provisions of the Constitution of Wisconsin, viz.: Article 1, § 1: "All men are born equally free and independent and have certain inherent rights, among these are life, liberty, and the pursuit of happiness." Article 1, § 8: "No person shall be held to answer for criminal offense without due process of law." Article 1, § 13: "The property of no person shall be taken for public use without just compensation therefor." Article 1, § 22: "The blessings of a free government can only be maintained by a firm adherence to justice, moderation, temperance, frugality and virtue, and by frequent recurrence to fundamental principles."

It was also contended that the law also violated the fourteenth amendment to the Constitution of the United States, which inhibits any state from depriving any person of life, liberty, or property without due process of law, and from denying to any person the equal protection of the laws.

WINSLOW, *C. J.* (Omitting part of opinion): Chapter 285 of the Laws of 1909, adds three sections to the general

banking laws of the state, numbered, respectively, 2024—78l, 2024—78m, 2024—78n.

The first of these sections provides that "the soliciting, receiving, or accepting of money, or its equivalent, on deposit as a regular business by any person, copartnership, association, or corporation shall be deemed to be doing a banking business, whether such deposit is made subject to check or is evidenced by a certificate of deposit, a pass book, a note, a receipt, or other writing, provided that nothing herein shall apply to or include money left with an agent pending investment in real estate or securities for, or on account, of, his principal."

The second of the sections named makes it unlawful for any person, copartnership, association, or corporation to do a banking business without being incorporated as either a national, state, mutual savings, or trust company bank, and makes a violation of the provision a misdemeanor punishable by fine or imprisonment, or both.

The third of the sections provides that any person, copartnership, association, or corporation doing business in the state as defined in the act may incorporate as a state bank on or before September 1, 1909, as provided in section 2024-55 of the Statutes.

The act was approved June 3, 1909, and published on the following day. The general banking law of the state (section 2015 to section 2024-81, Sanborn's St. Supp. 1906) was passed as chapter 234, Laws 1903, and was amended by chapter 109, Laws 1905, and these laws, as well as the amendment now uder consideration, were passed supposedly pursuant to the terms of the amendment to section 4, article 11, of the Constitution adopted at the general election of 1902, authorizing the Legislature by two-thirds vote of the members elect of each house to enact a general banking law "for the creation of banks and for the regulation and supervision of the banking business."

The plaintiffs claim that the act of 1909 is unconstitutional on two general grounds: First, because every citizen has a common-law right to transact a banking business, and the law in question amounts to a prohibition of that right; second, because the law in question fixes so short a time within which the plaintiffs must convert their private institution into an incorporated institution that it cannot be obeyed without a ruinous sacrifice of property amounting to practical confiscation.

1. There are some fundamental propositions so well settled that it is only necessary to state them. Among these are the following: First, banking is a common-law right pertaining equally to every member of the community; second, being a common-law right, it cannot be prohibited under a Constitution like ours, which recognizes the right and grants power to the Legislature to regulate and supervise it; third, under such a Constitution as ours, banking may be regulated so far as may be reasonably necessary to secure the public welfare and safety, but it must be true regulation, not prohibition under the guise of regulation. (1 Morse on Banks and Banking, § 13).

With these principles in mind, it seems evident that the ultimate question under this head is whether the requirement that all who wish to enter into the business should incorporate is in fact regulation or prohibition masquerading as regulation.

The question is not whether it be the wisest form of regulation, or whether it be a form which commends itself to the judgment as ideal, but whether it be in fact a bona fide form of regulation with some reasonable adaptation to meet and overcome any evils or dangers to the public which may lurk in unrestrained exercise of banking rights by individuals. We think it is. If it should be granted that individual bankers may be successfully subjected to all the provisions as to visitation, inspection, examination, and the making of reports to the same extent as corporations, it still must be conceded that there are at least two well-defined dangers to the public which are and must be present in private banking which are

eliminated in corporate banking. The first of these is the danger that the private banker, by engaging in outside business ventures, may subject his banking assets to the claims of business creditors, and thus greatly prejudice, if not destroy, the remedies of bank depositors, and the second is the danger and inconvenience which is likely to result when a private banker dies and the business has to be temporarily suspended for the purpose of probating the estate, involving perhaps destruction of public confidence and a run on the institution.

Both of these dangers are quite real and serious, and both are quite effectually eliminated in the case of a corporation whose business enterprises are strictly limited to banking, and which does not dies. It will not avail to say that possibly remedies might be devised to meet these inherent dangers arising in individual banking by other forms of regulation, though we are inclined to think that this would be very difficult of accomplishment without overstepping some of the constitutional guarantees of rights to the citizen, if, as matter of fact, the requirement of incorporation is a form of regulation reasonably calculated to meet and remedy these difficulties, though not in the wisest way, it must be sustained as an exercise of the police power.

We have been referred to but one case which holds the contrary doctrine, viz., State vs. Scougal, 3 S. D. 55; which, indeed, holds that an act requiring incorporation as a condition of doing banking is unconstitutional. The discussion of the question there is long and learned, but not convincing to us. It is to be noted, further, that the Constitution of South Dakota contains an unusual provision which figures largely in the result. This provision is to the effect that no law shall grant to any citizen, class of citizens, or corporations, privileges or immunities which on the same terms shall not equally belong to all citizens or corporations. The weight of decision as well as text-book authority is the other way, however. (1 Morse on Banks, § 13; 5 Cyc. 433; Boon on Banking, § 10; State vs. Woodmanse, 1 N. D. 246; Myers vs. Bank, 20 Ohio, 283).

The objection that the law absolutely prohibits an individual banker from doing business, and hence cannot be considered as valid regulation, is plausible, but not convicing. Many police regulations have the effect of prohibiting a business unless certain conditions are first complied with. The Legislature says: "If you wish to engage in this quasi public business of banking, you must first secure a corporate charter." It does not say: "You cannot go into it, but you must go into it in a certain way which is deemed the safest for the public." The obtaining of a bank charter is made by the act practically a matter of course.

Three adult residents of the state may at any time associate together, execute the required articles and file them, and the corporation is formed. The danger that any citizen who wishes to go into the banking business will be unable to find two other adult residents who will be willing to join in executing the written articles of incorporation is so small as to be negligible. People can do banking as before, except that they must do it by means of a corporate organization. This is regulation not prohibition. (Commonwealth vs. Vrooman, 164 Pa. 306; People vs. Loew, 19 Misc. Rep. 248).

The scope of the act under consideration, and the question as to the kinds of business which it covers, are considered in the case of MacLaren vs. State (decided herewith) 124 N. W. 667. As the act, under any possible construction, unquestionably applies to the business transacted by the appellants, it becomes unnecessary to consider in this opinion what other business operations it may cover.

2. The act gives but three months in which to convert a private bank into a corporate bank, and the complaint alleges that the plaintiffs will be obliged either to incorporate in a sum exceeding $150,000 as a capitalization or immediately convert their real estate and chattels into money at forced sales

which would entail great loss and practical confiscation.

The complaint alleges that the deposits of the bank aggregate $250,000 and the loans and discounts on first-class securities, including loans to the Weed & Gumaer Manufacturing Company, corporation, exceed $200,000. The amount of cash and other assets is not stated. In villages having less than 1500 inhabitants (of which class Weyauwega is one), the capital stock of a bank is not required to be more than $10,000. Section 2024-6, Sanborn's St. Supp. 1906. The allegation that in order to incorporate under the law the plaintiffs will be obliged to capitalize at $150,000, or dispose of their real property apparently has no foundation, unless it means that as private bankers they have loaned to their corporation so large a sum that under the provisions of section 2024-32, they must have a capitalization of that amount in order that the loans to a single corporation will not exceed that fraction of the capital stock which that section prescribes, viz., 30 per cent. of capital and surplus or 50 per cent. in case such percentage is approved by a two-thirds vote of the directors.

If this be the case, still we fail to see how the sacrifice of the plaintiffs' property is necessitated. According to the complaint, the corporation has $160,000 worth of unincumbered real and personal property. It goes without saying that loans on this property can be readily obtained at reasonable rates of interest on long or short time as the plaintiffs may desire, which would enable them to reduce their bank loans to any figure which may seem best. All the time necessary to convert their property into money at the most favorable prices may thus be obtained.

Order affirmed.

DEPARTMENT STORE RECEIVING DEPOSITS.

MacLAREN vs. STATE.

SUPREME COURT OF WISCONSIN, FEBRUARY 1, 1910.

A department store receiving deposits of money, which may be withdrawn in cash, or used by the depositor for the purchase of goods at the store, is doing a banking business within the statute of Wisconsin.

GIMBEL BROS., a foreign corporation, carried on a large department store in the city of Milwaukee, and the plaintiff in error was the general manager of its business at that place. The corporation maintained what was termed a "deposit purchase department." Persons desiring to deposit money with the corporation might do so to the amount of $500. Interest at the rate of four per cent. was allowed on all deposits left three months, and interest was credited on balances on January 1, May 1 and September 1 of each year. The depositor might purchase goods at the store against the amount of his deposit, or might withdraw the same at any time in cash without notice. The corporation failed to comply with the provisions of the State Banking Law, and the plaintiff in error was arrested and convicted for violating that law.

Barnes, *J.*: Most of the questions raised by the plaintiff in error, hereinafter called the defendant, are passed upon adversely to his contention in Weed vs. Berg (decided herewith). In addition to the points there raised and decided, it is urged that Gimbel Bros., the corporation employing the defendant, was not engaged in the banking business and that the Legislature could not declare that the mere receipt of deposits constituted such business. The right of the Legislature to reasonably regulate the business of the corporation in so far as it extended to receiving moneys on deposit is conceded, but it is urged that sections 2024—78l, 2024—78m, and 2024—78n (chapter 285, Laws 1909) do not constitute valid regulations, but in fact amount to prohibition.

By section 2024—78l the soliciting, receiving, or accepting of money on deposit as a regular business by a person or corporation is declared to be a banking business, whether such deposit is made subject to check or is evidenced by a certificate of deposit, a passbook, a note, a receipt, or other writing. Gimbel Bros. opened a "deposit pur-

chase department," received moneys up to $500 from any one desiring to deposit with it, issued passbooks evidencing such deposits, paid interest on the amounts deposited, and paid the principal sum deposited, with interest thereon, on demand, in money or goods, at the election of the depositor.

The facts established satisfy every call of the statute, and the corporation was doing a banking business if the acts done in themselves constituted the carrying on of a banking business or if the Legislature had the right to say that such acts constituted a banking business.

Banking, in its most enlarged sense, includes the business of receiving deposits, paying checks, loaning money, dealing in bills of exchange, etc., besides that of issuing paper money. Boone on Banking, § 3, and cases cited. If a bank must transact the various kinds of business enumerated in the above definition in order to be a bank at all, it is apparent that we have no such institutions as State banks in Wisconsin, because such banks are not permitted to issue paper money. But the word is popularly and correctly used in a much more restricted sense.

In modern times we have a variety of institutions that do a banking business in the popular sense, although the functions performed by them may be widely variant, and none of them may be doing all of the kinds of business included in the above definition. The business conducted by national banks differs from that done by State banks, in that the latter are not banks of issue, while the savings banks do not usually perform all of the kinds of business transacted by other banks.

Trust companies that receive deposits and make loans perform two of the most important functions that are performed by banks generally, and for obvious reasons they are subject to regulation to the same extent that banks are. Morse in his work on Banking (volume 1, § 2) says that, in order to have a bank, "it is essential that there should be a place where as a regular business the money of others is received on general deposit. There must be a combination of moneys, a joint fund, as a primary condition of the existence of a bank or banker, or the transaction of banking business."

A bank is defined by Webster as "an establishment for the custody, loan, exchange, or issue, of money, and for facilitating the transmission of funds by drafts or bills of exchange; an institution incorporated for performing one or more of such functions." The same authority defines a bank of deposit as one "which receives money for safe-keeping."

In Oulton vs. Savings Institution, 17 Wall, 109, 118, the court said: "Banks in the commercial sense are of three kinds, to wit: (1) Of deposit; (2) of discount; (3) of circulation. Strictly speaking, the term 'bank' implies a place for the deposit of money, as that is the most obvious purpose of such an institution.

"Originally the business of banking consisted only in receiving deposits, such as bullion, plate, and the like, for safe-keeping until the depositor should see fit to draw it out for use, but the business in the progress of events was extended, and bankers assumed to discount bills and notes and to loan money upon mortgage, pawn, or other security, and at a still later period to issue notes of their own intended as a circulating currency and a medium of exchange instead of gold and silver.

"Modern bankers frequently exercise any two or even all three of those functions, but it is still true that an institution prohibited from exercising any more than one of those functions is a bank in the strictest commercial sense." "Banks are said to be of three kinds, viz., of deposit, of discount, and of circulation. They generally exercise all of these functions." 1 Bouvier, p. 217. The following additional authorities hold, correctly we think, that any person or corporation engaged in the business carried on by banks of deposit or of discount or of circulation is doing a banking business, although but one of those functions may be exercised. (Curtis vs. Leavitt, 15 N. Y. 9, 56; Reed vs. People, 125 Ill. 592, 596; People vs.

Bartow, 6 Cow. [N. Y.] 290; Hamilton National Bank vs. American L. & T. Co., 66 Neb. 67.)

The term "banking" is generally used in its enlarged sense, but it may also be used in a more narrow and restricted sense. There is no doubt as to the sense in which the Legislature intended to use the term here, because it says that the receiving of deposits as a regular business shall constitute banking. Independent of any constitutional authority, there is no doubt about the right of the Legislature to regulate banking, and neither is there any doubt about its right to regulate the business carried on by Gimbel Bros. in the way of receiving deposits, if it should be held not to be banking.

The main purpose of regulating the banking business as the business is now carried on is to insure the safety of deposits. The calamities that befall individuals and communities as a result of bank failures are well known. The necessity for the regulation of establishments carrying on the kind of business that Gimbel Bros. carries on is just as apparent as it is in the case of regular banking institutions. It receives deposits to the amount of $500 from all persons desiring to leave money with it.

The depositors may, if they wish, purchase goods with the money so deposited, but they are not required to do so. It matters not that a depositor has never purchased a dollar's worth of goods from the corporation, or that he never intends to. So long as he elects to allow his deposit to remain, he is allowed interest thereon at the rate of four per cent. per annum compounded every four months, and he may withdraw his money at any time he wishes on demand and without previous notice of intention to withdraw it.

When the high financial standing of the corporation is considered, the inducement offered to depositors is not only attractive, but alluring. We think it would be no invasion of the domain of common knowledge to say that no bank or trust company doing business in the city of Milwaukee offers so inviting a contract to the small investor in the matter of interest rates and the privilege of converting the indebtedness to the depositor into cash. It was stipulated as a fact that the "deposit purchase department" of Gimbel Bros. had been in operation upwards of a year prior to the date upon which the alleged offense was committed, and that on said date there was deposited with said corporation $115,738.10 by 5,915 different depositors. That the amount was not larger was probably due to the fact that a limit was placed upon the amount that might be deposited by a single person, and the further fact that the business of receiving deposits had not been in vogue a sufficient length of time so that the community generally was advised of the fact that deposits would be received and of the favorable terms under which they were being received.

The payment of the highest rate of return to depositors that a safe investment of the funds intrusted to the care of the recipient will admit of is highly commendable, and for obvious reasons should be encouraged, and there is no suggestion or suspicion of the inability of Gimbel Bros. to meet its obligations to its depositors. But most bankers would be honest if there were no laws regulating the banking business, and the great majority of them would carry on their businesses on safe and conservative lines. For such there is no necessity for regulation. It is for the dishonest, the careless, or the incompetent banker that regulative laws become essential, and, inasmuch as it is necessary at all to resort to regulation, it must apply to all engaged in the transaction of the same kind of business under substantially similar conditions.

Conceding the entire solvency and ability of Gimbel Bros. to meet its obligations really proves nothing. Other large or small business establishments that are doing an unprofitable business and are perilously near the verge of insolvency may reach out for deposits with the hope and expectation of arresting the inevitable, anticipating brighter things from the future.

There are few honest failures where

the insolvent does not believe that with a little more leniency on the part of his creditors and a little greater extension of his credit he will be able to meet his obligations in full. Such a business establishment might well increase the rates of interest to five or six per cent., and place no limit at all on the amount that would be received, or place one much higher than that fixed in the present case.

It is not difficult to surmise that, if the practice pursued by Gimbel Bros. became general with mercantile houses in a city like Milwaukee, their deposits would in no long time equal or exceed the time deposits of the banks and trust companies. Regulation must be carried on through the medium of general laws which often bear more heavily on some than on others owing to the circumstances which surround them.

If the general purpose of the law is regulation, and not the suppression of lawful business, the fact that some persons on whom it operates may have to reconstruct their methods of doing business, or cease doing business at all, does not render the law void.

This court recently approved a rule abundantly supported by authority to the effect that the Legislature in enacting a police regulation may include within the purview of the statute acts innocent in themselves and not a subject of police regulation, where the inclusion of the acts is necessary in the opinion of the Legislature in order to make the regulation effective. Pennell vs. State, 123 N. W. 115, and cases cited.

Aside from what has been said, it being conceded that the Legislature might regulate such business as Gimbel Bros. was carrying on in the way of receiving deposits (admittedly one of the principal functions of a bank), it was competent for the Legislature, considering the nature of the business, to define it as banking, if it were not such in fact, and to throw around it the general safeguards provided for the banking business proper. However, we do not wish to be understood as holding that Gimbel Bros. might not receive money on deposit by its patrons, where such money is deposited for the purpose of enabling the depositor to purchase goods from its store, and where the money is used for that purpose. The judgment of the circuit court is correct, and should be affirmed.

Judgment affirmed.

Dodge, *J.*, dissents.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A.. L.L.B., Barrister, Toronto]

PRACTICE—PROMISSORY NOTE—PAYMENTS AFTER ACTION BROUGHT—COLLATERAL SECURITY.

Gorman vs. Copp (39 N. B. L. R., p. 309).

The M. Company owed the plaintiff $4,000 for which he held as collateral security the defendant's note for $3,000 made for the accommodation of the company, and some other collateral. After action brought on the note the plaintiff received a dividend from the company, which had gone into liquidation, and realized on some of the other collateral, but these facts were not pleaded. Verdict having been entered for the full amount of the note.

Held, That the plaintiff was entitled to judgment for the full amount of the note. But the amount realized upon the collateral and some portion of the dividend should be credited upon the execution.

THE facts appear sufficiently from the judgment of Chief Justice Barker as follows:

Judgment (Barker, *C.J.*): This was an action on a promissory note made by the defendant, Copp, in favor of J. B. McManus, Limited, and for their accommodation. After the note came into the plaintiff's hands, J. B. McManus, Ltd., failed and made a compromise of thirty per cent. At the time they owed $4,000 to the plaintiff, $3,000 of which was secured by the note in question. The plaintiff also held some other negotiable paper as security. The plaintiff put in a claim

against the company for $4,000, under an agreement with the defendant that he might collect the dividend without prejudice to his right to collect the full amount of this $3,000 note. The defendant claimed that a proportion of the dividend was to be credited on this note.

After the writ was issued in this action the plaintiff collected the dividend, amounting to over $1,200. He also collected some amounts on the other notes which he held as security, but all payments were made after action was brought, and these facts were not pleaded. We think the order of the trial judge, entering a verdict for the plaintiff for the full amount of the note, is right, but that the defendant would be entitled to be credited with the amount realized on the notes held as collateral. When the plaintiff issues his execution he must make the proper deductions, and if any question arises regarding the amount of such deductions, or as to the handling of the securities not being proper, or that a sufficient amount was not realized from them, the defendant can then make an application to this Court or take such other proceeding as may be proper. When the verdict was entered in this case, the defendant was not in a position to have any credits allowed him, and, therefore, judgment must be entered for the full amount.

The motion for a new trial will be refused. Rule for a new trial refused.

ESTOPPED — FORGERY — PROMISSORY NOTE—DUTY TO NOTIFY HOLDER.

CONNELL, ET AL., VS. SHAW (39 N. B. L. R., p. 267).

On July 15, 1907, defendant received notice of dishonor of a note purporting to be endorsed by him and on October 7 this action was begun against him on the note. On November 26 defendant notified the plaintiff that his endorsement was forged by G. the maker. G. died on December 12, following. There was a genuine endorsement on the note by W. Co., and W. Co. was solvent.

Held, Reversing the judgment of the County Court judge, that the defendant was not estopped from denying his signature as the plaintiff had his remedy against W. Co. and against G.'s estate, and the loss of costs in this action was not such damage as would ground and estoppel.

APPEAL from the Carleton county court. The action was brought by the plaintiffs, as executors of the estate of the late L. P. Fisher, to recover the amount due on a promissory note made by one Grant in favor of the Woodstock Carriage Company and endorsed by them and the defendant, Shaw. The note was dated June 11, 1907, and was for the sum of $175. The defence set up was that the defendant's name on the note was a forgery by Grant, the maker. The jury found that the signature had been forged, and a verdict was accordingly entered for the defendant. On a motion for a new trial, the judge set aside the verdict, on the ground of misdirection, and ordered a new trial, and this is an appeal from that judgment.

The note fell due on Monday, July 15, 1907, when notice of dishonor was given to the defendant. This action was commenced by summons, dated August 14, 1907, but it was not issued until October 7. The defendant did not repudiate his signature to the plaintiffs until November 26. Grant, the maker of the note, who was alleged to have forged the endorsement, was ill on November 26, when the plaintiffs first got notice of the forgery, and he continued ill until December 12, when he died.

JUDGMENT (BARKER, *C.J.*): I think this appeal should be allowed, as there is no evidence whatever that the plaintiffs have been prejudiced by the defendant's silence, even assuming that he was under a duty to inform them of the forgery at an earlier date than he did. The foundation of the doctrine of estoppel lies in the fact that the party relying upon it has, as a result of the act, or conduct, or silence, or whatever it may be out of which the estoppel arises, sustained loss or been in some material way injured. In Ewing vs.

The Dominion Bank (2), Davies, J., at p. 153, says: "Mere silence per se on the part of one who should speak is not, I grant, sufficient as an admission or adoption of liability, or as an estoppel to prevent him denying his signature. But such silence, coupled with material loss, or prejudice to the person who should have been informed and which prompt and reasonable information would have prevented, will so operate."

It is admitted that the Woodstock Carriage Co., which is liable as an endorser on this note, is perfectly well able to pay it, so that the plaintiffs cannot lose their money. If that were not so, the remedy against that company or against Grant has in no way been prejudiced by the defendant's silence. The remedy against Grant is good against his representatives; and he lived for over a fortnight after the plaintiffs knew of the forgery, during which time they took no proceedings, civil or criminal, against him. The only prejudice suggested is that if the plaintiffs had known of the forgery before they brought this action they might not have brought it in and incurred costs. That is a mere speculation, which in this particular case is met by the fact that the most of the costs, including the trial, were incurred after they had notice of the forgery, in an endeavor to prove that the signature was genuine. Irrespective of that, such a possible loss in costs is not a prejudice in the recovery of the debt or in the enforcement of a remedy for the purpose. Appeal allowed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

TAXATION OF NATIONAL BANKS —DEDUCTIONS

CARTHAGE, ILL., April 30, 1910.

Editor Bankers Magazine:

DEAR SIR: We are informed that many of the national banks located in the State of Iowa, under a decision of the Supreme Court, of either that State or of the United States, take the view that they have the right to deduct from the assessed value of their capital stock and surplus, for purposes of taxation, whatever amount of United States bonds they carry on their books, either as an investment or for security of circulation.

Also that the national banks of Des Moines, Iowa, insisted on making such deduction and that there is now a suit pending to determine the question.

Will you please give us your opinion on the question and inform us whether or not the question has been passed upon by the United States Supreme Court or by the Supreme Court of the State of Illinois, and if so what was the decision of these courts?

SUBSCRIBER.

Answer: We have not been apprised of the litigation of which our correspondent speaks. But it would seem that under the rulings of the Supreme Court of the United States, the contention referred to could hardly be maintained. None of the States attempt to tax the personal property belonging to a national bank, or require the bank to pay any tax upon its capital stock; for it was settled in an early case that such a tax would be void. (Van Allen vs. The Assessors, 3 Wallace, 573.) But the National Bank Act expressly authorizes the States to tax the shares of stock in the hands of the shareholders. (Rev. Stat. U. S., Sec. 5219.) The difference between a tax on capital stock and a tax on the shares is thus explained by the Supreme Court of the United States: "The interest of the shareholder entitles him to participate in the net profits earned by the bank in the employment of its capital, during the existence of its charter, in proportion to the number of his shares, and upon its dissolution or termination, to his proportion of the property that may remain of the corporation after the payment of its debts. This is a distinct independent interest or property, held by the shareholder like any other property that may belong to him. Now, it is this interest which the Act of Congress has left subject to taxation by

the States, under the limitations prescribed."

And as the tax is upon the shares, and not upon the capital stock, it is not necessary in estimating the value of the shares, that any deduction should be made for that portion of the capital which is invested in United States bonds or other non-taxable securities. (Van Allen vs. The Assessors, supra; Mechanics National Bank vs. Baker, 65 N. J. Law, 113.)

The only ground upon which such a deduction could be successfully claimed would be that the State law authorizes it to be made in assessing the shares of stock in other moneyed corporations, in which case there would be a discrimination in favor of the State institutions in violation of the provision of the National Bank act "that the taxation [on national bank stock] shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the State." (Rev. Stat. U. S., Sect. 5219.)

A full discussion of the subject will be found in the following cases: Mercantile Nat. Bank vs. New York, 121 U. S., 138; Jenkins vs. Neff, 186 U. S., 230; Talbott vs. Silver Bow County, 139 U. S., 438; Palmer vs. McMahon, 133 U. S., 660; First Nat. Bank vs. Chapman, 173 U. S., 205; Commercial Nat. Bank vs. Chambers, 182 U. S., 556; Owensboro Nat. Bank vs. Owensboro, 173 U. S., 664; Farmers & Traders Nat. Bank vs. Hoffman, 93 Iowa, 119.

RIGHT OF BANK TO SET OFF DEPOSIT AGAINST UNMATURED NOTE OF INSOLVENT DEPOSITOR

PORTLAND, ME., May 16, 1910.

Editor Bankers Magazine:

DEAR SIR: As a subscriber to your valuable publication, we beg to ask the following question, viz:

Does the Minnesota state law permit a national bank which is a creditor of an insolvent depositor, to claim a deposit balance standing to the credit of said depositor as an offset for its claim against him which is in the nature of a loan represented by his notes discounted, but not due at time of his failure? CASHIER.

Answer: We do not find that this question has ever been decided by a Minnesota court in any reported decision. But other State courts have held that in equity a bank may set off against a customer's deposit the amount of his note held by the bank, though the same is not yet due. (Kentucky Flour Co. vs. Merchants' Nat. Bank, 90 Ky. 225; Citizens Bank vs. Kendrick, 92 Tenn. 437; Nashville Trust Co. vs. Fourth Nat. Bank, 91 Tenn. 336; Georgia Seed Co. vs. Talmadge, 90 Ga. 254; Demmon vs. Boylston, 5 Cush. [Mass.] 194; Fond vs. Thornton [Va.], 3 Leigh. 695.)

In the case first cited, the court said: "It is contended, however, that a bank stands in a different attitude from a mere individual, because its depositor would have the right to check out his deposit at any time prior to the assignment, and the bank would have no right to refuse it upon the ground that he was owing it on an unmatured debt.

"If this be so—and it doubtless would be in case checks were given to third parties—yet we fail to see how it can affect the question here, inasmuch as the money was not drawn from the bank. It is true this seems to have been the ground upon which the case of Beckwith vs. Bank (9 N. Y. 211) was determined; but the opinion in that case is meagre in argument, and so far as reason is given, it is unsatisfactory. In the case of Jordan vs. Bank (74 N. Y. 467), cited by counsel, no ground for equitable set-off was presented. The opinion expressly says so.

"It is unquestionably the law that, as between individuals, the right of equitable set-off exists, although the debt had not matured at the time of the insolvency. Ordinarily, of course, a debt not due cannot be set off against one already due. To allow it would be to change the contract, and advance the time of payment. But, where the party asserting the due debt is a non-resident or becomes insolvent, then either of these conditions, *ipso facto*, gives to the other party the right of equitable set-off. In the application of the rule, there should be no difference between an individual and a bank. There is no ground for a

distinction. The bank is merely a debtor to its depositor. It is true the debt is payable on demand, but, if the money be not withdrawn, and the depositor becomes insolvent, the right of equitable set-off exists, just as in case of co-existing demands between individuals; and, in case the depositor assigns for the benefit of his creditors, his assignee takes the estate subject to any equities which existed against the assignor at the time of the assignment."

INVESTMENTS

Conducted by Franklin Escher

THE BUSINESS MAN'S SURPLUS

IV—BONDS BEARING A HIGH RATE OF INTEREST

By Peter J. Simmons

NOTICE of a raise in the rent was really what determined Mr. Dare to sell the twenty Pennsylvania 4 per cent. bonds which had come to him from his father's estate, and to put the money into something which would yield him a better rate of interest. For some time past the advisability of such a step had been turning itself over in his mind, but he had steadily put the matter off. This raise in the rent, however, was the last straw. It brought home forcibly the disagreeable truth that, to go on as he had been living, his income was no longer sufficiently large.

The next morning Mr. Dare dropped in to see Mr. Bond, of the firm which had had charge of the investment of his father's estate, and began to explain that while the old Pennsylvania "fours" had been a safe and satisfactory investment, it was imperative that his income be increased. "Together with what I make out of my business, Mr. Bond," he began, "my income from that $20,000 has always been enough—up to within a couple of years ago—for us to live comfortably on. But during the past two years the way the cost of everything has gone up is simply frightful. Yesterday I got a notice that my rent has been put up again—the second time in three years. I tell you, Mr. Bond, I've got to get more income out of that $20,000, even if I have to take a risk to do it."

By way of reply, the dealer in investment securities picked up three letters lying on the desk and handed them over to his visitor. Mr. Dare looked them over. They were from clients of the firm, and the drift of each one of them was that the writer must find some way of increasing an income made insufficient through the rise in the cost of living. The third was from a woman in a small town out in Jersey. "So you, see, Mr. Bond,," the letter concluded, "unless you can show me some way to make the money earn at least six per cent., I'll have to find some one else who can."

"That's the kind of letter we get in almost every mail," said the dealer in securities. "They write in to us from North, East, South, and West. There's no section of the country that has escaped the big rise in the price of almost everything. People have got to have more income to live on, and they look to us for advice as to how to reinvest their money so as to get it."

"Well, that's exactly my position," said Mr. Dare. "You know how I'm fixed. My salary is all right, but I don't see any chance of its being raised much. The only way I can see to meet increasing expenditures is for me to get a

higher rate of interest on the capital I've got. Now what do you advise me—hadn't I better sell those Pennsylvania fours that net me less than four per cent. and buy some of these bonds so widely advertised to yield five and one-half or six per cent?"

"It's a good deal of a question," replied Mr. Bond, reflectively, "and I'm not going to advise you about it in a hurry. Let me see—your salary is somewhere around $3,000, isn't it? and reasonably assured for a good while to come. That means that you don't absolutely depend on this extra money, doesn't it? Still, you've got a family, and this $20,000 would mean a whole lot to them in case anything should happen to you. Money invested at six per cent. isn't as safe as money invested at four per cent., you know, Mr. Dare," said the dealer in bonds, looking up at his visitor.

"I know that, I know that," replied Mr. Dare; "but I've been looking into the question, and so far as I can see it's perfectly possible to get five per cent. or even six per cent. on your money without taking much of a risk. Isn't that so, Mr. Bond."

Mr. Bond hesitated about his reply. "Yes," he finally began, "there are bonds to be had that will yield you five per cent. or six per cent. with a reasonable degree of safety. But you've got to be mighty careful what you buy."

"That's why I came in to see you," replied Mr. Dare. "There *are* such bonds, you admit. The great thing is to pick them out. Now you're an experienced bond man, and I want you to give me a few pointers as to how to go about choosing the kind of bond suitable to my case."

"As I take it, Mr. Dare," said the dealer, "you want to find out something definite about all these new high-interest-bearing bonds you see advertised in the newspapers and magazines. You realize that none of them afford you quite the same degree of safety that your Pennsylvania fours do, but you're willing to take a business man's chance in order to increase your income. Am I right about that?"

"Quite right. I'm not for taking chances with money that I or my family may some day need badly, but if it is possible, without taking an undue amount of risk, for me to increase my income, I want to go ahead and do it without delay."

"Very well, then," said the dealer in securities, "we understand each other and I'll do everything I can to enlighten you regarding these high-interest-bearing bonds. They have their good points and their bad points. Hear what they are and judge for yourself whether you want to put your money in them.

"In the first place, all these securities that we're talking about—irrigation

bonds, timber bonds, bonds of power generating companies, etc.—have one or two points in common. They have a low degree of marketability—that is to say, you can't always find a ready market for them. Then again the banks do not loan money on them with the same degree of readiness that they do on bonds which have a quick market. Again, it isn't easy to keep tab on the progress of companies of this kind. You can always get a pretty good idea of what the Pennsylvania Railroad is earning from the published statements the company is required to make, but you might have more trouble finding out just how the A B C Power Co. is making out."

"When you say, 'a low degree of marketability,'" Mr. Dare put in, "do you mean that when you buy power bonds or irrigation bonds or the like, you are apt to have trouble in selling them at quoted prices?"

"Not necessarily trouble in selling them," returned Mr. Bond. "In some of these new issues, I understand that there is quite an active and ready market. In the majority of cases, however, I don't believe that if you were the holder of bonds of this kind you would be able to call up your broker and make a quick sale at a satisfactory price. If your bonds were all right, you could probably dispose of them without a great deal of trouble, but it would be a very different proposition from selling bonds of the Pennsylvania or the Union Pacific."

"Quick convertibility into cash doesn't count much with me," remarked Mr. Dare. "I'm not apt to go switching in and out of my investments in a hurry. I want to feel, of course, that my money is safe and that I can get it when I want it, but as for borrowing money on my bonds or selling them out at a moment's notice—that's all very well, but not much of consideration in my case."

"So much the better, then," returned Mr. Bond. "In the minds of a good many people, about the chief objection to bonds of this kind is the one that I felt called upon to draw before your attention. If you are not anxious to see your bonds continually quoted and don't care about being able to borrow money on them at your bank, one of the chief objections to them is overcome right at the start."

"But how about the safety end of the proposition," said Mr. Dare. "How about these new irrigation bonds that I see advertised everywhere? Are they all right to buy from the viewpoint of security of principal?"

"Some of them are all right and some of them are not all right," was the dealer's reply. "And let me tell you that for you as a layman, with no knowledge at all about irrigation, there is just one great rule to go by. Purchase irrigation bonds only from a firm that you are absolutely sure of, and then only bonds which that firm has bought first *for its own account* and is selling to its customers. Before a reputable house will buy an issue of bonds for its own account and for distribution to its customers, you can rely on a full investiga-

tion having been made—not the kind of an investigation you can make with a pad and pencil and a few highly-colored facts and figures, but an investigation that goes to the bottom of things. The banking house that is going to put up hundreds of thousands of dollars of its money doesn't do it until its own engineers have been all over the property and have made the most searching examination and report."

"You think, then, that irrigation bonds of that sort are a safe investment?"

"Where you're sure of your banker and sure that such an investigation has been made, I certainly think they are. You can find out all the details about irrigation bonds by writing to one of the big banking houses advertising them. There are three types of irrigation bonds, you know. One of them is very like the municipal bonds which are held in such high favor."

"Do you think that bonds secured on standing timber are as safe a form of investment as irrigation bonds?"

"There's little use in generalizing. There are good and bad irrigation bonds and good and bad timber bonds. The same rule applies. Don't touch bonds of this class unless you're perfectly sure of the character and responsibility of the firm offering them. You can read a dozen magazine articles telling you how many dollars in bonds ought to be issued for each thousand feet of standing timber, but unless you know all about the other details of the proposition, the information won't do you a particle of good. You can't judge special bonds for yourself. You've got to leave it to the judgment and honesty of a banker whose judgment and honesty you are willing to trust."

"You wouldn't advise me, then, if I pick out a power bond or an irrigation bond, to study the property and find out what I can?"

"I should certainly advise you to do so—but if the proposition is O. K., you will only find the same thing that the banker found before you."

"I'm very much obliged to you for what you've told me," said Mr. Dare, rising to go. "Your opinion, then, is that I can, with a reasonable degree of safety, increase my income by buying some of these new bonds—as long as their sponsorship is unquestioned?"

"Yes," replied Mr. Bond, "but I wouldn't put all my eggs in one basket, at that. I'd buy bonds of several different issues and I'd keep some of my money in those readily convertible Pennsylvania bonds you've got. They make a first-class sort of a backlog."

COPPER STOCKS

HOLDERS even of the best copper securities have had a hard time of it during the past year or so, but with copper metal down nearly to twelve cents a pound, influences may reasonably be expected soon to come into play which will bring about a great change for the better.

When copper has got down around twelve cents in the past, two things have usually happened—consumption, in the first place, has been very greatly stimulated, and production has been very much reduced. With copper obtainable as low as twelve cents, the red metal can be put to all sorts of uses to which it cannot be put when the price is fourteen cents or fifteen cents. When only twelve cents can be obtained for a pound of copper, on the other hand, many of the high-cost-producing mines are simply starved out of business and the output is greatly reduced.

It is hard on the holders of stocks in mines which rely on producing a large amount of copper on a small margin of profit, but it is the only logical way out of the present difficulty. From the standpoint of those interested in copper stocks there is too much copper being produced in the United States at present—that is what is at the root of the trouble with the market for copper stocks. When some of the mines which produce big amounts of the metal at a high cost are put out of business, at least for the time being, there will be a further wrench, but after that the situation should be greatly cleared. The logical deduction from it all seems to be that the profitable opportunity for investment now seems to exist in the shares of good mines which have proved that they can produce at low cost.

PLACING OUR BONDS ABROAD

THE FOREIGN TASTE FOR "AMERICANS" AND ITS INFLUENCE ON THE GENERAL SITUATION

By Carl Weingarten

ANNOUNCEMENT made a few weeks ago that a very large amount of American securities had been sold on the other side has drawn attention sharply to the methods of marketing our bonds abroad as well as to the effects which follow such flotations.

There exists on the other side what might be called a very large fixed investment in American securities. By some authorities the amount of this investment is estimated at as much as $4,000,000,000. Such estimates, however, are necessarily a little better than guess work. All that can be said definitely is that during three-quarters of a century, foreigners have been steadily buying American bonds and have accumulated an investment in them which calls for the yearly payment from this side of several hundred million dollars in dividends and interest.

Besides this fixed investment in American securities, there exists what may be called the floating investment—continuous buying and selling of American securities by foreign individuals and firms who are, so to speak, "trading" on their fixed investment in "Americans."

Foreign Participation in Our Syndicates.

Closer and closer during the past few years have grown the financial relationships between our own and the foreign banking houses. Hardly a syndicate of any size is formed now-a-days without foreign participation, in many cases the amount of the foreign takings of the bonds far exceeding the amount taken by bankers here. In their dealings in American securities the foreign bankers and investors have made money, and, by some of the strongest interest abroad, the field is regarded as an exceedingly promising one for the investment of capital. Operations of this kind are

entered into with eyes wide open. Every banking interest on the other side which deals largely in American securities has its own experts who are constantly in this country, and who keep closer in touch with the properties in which their principals are interested than do many of the so-called railroad experts on this side.

How the Foreigners' Taste Runs.

As to the American securities in which the various markets abroad are particularly interested, it may be said at once that there is no class of American securities in which London is *not* interested. The Hill stocks, the Harriman group, the great trunk lines of the East—in all of these, British interest is at all times at a high point, hundreds of millions of dollars' worth of these securities being fixedly placed on the other side and other millions untold being all the time traded in back and forth. The German interest in American securities is large but more circumscribed. The Rock Island issues have always attracted the Berlin bankers, as have the bonds of the St. Louis & San Francisco, the Missouri, Kansas & Texas, and the Baltimore & Ohio. Canadian Pacific stocks, too, have always been largely traded in in Berlin. There are other American securities in which the Germans are interested, but these are the roads which, when they want to float new bonds, can confidently count upon German assistance.

With regard to the interest shown by the Parisians in American bonds, characteristic French taste is shown. High class securities only are in vogue in Paris. New Haven bonds were placed in the French capital in large amounts some time ago, as have been the bonds of the Pennsylvania Railroad. Last month French interest seemed to reach out to the bonds of the St. Paul Railroad, this marking a new departure in the French interest in "Americans." But even at that, as will be seen, French interest in our bonds is limited to what may be called the gilt-edged issues.

How the Financing Is Done.

As to the way in which these foreign participations in American bond issues are financed, it may be said that there are two methods, according as the bonds are immediately to be shipped abroad or according as they are left on this side to be distributed to investors here. In the first case, the usual method of financing is as follows: An allotment in a syndicate having been made to a foreign house, the American firm ships the bonds to the buyer abroad, drawing a bill of exchange on some point in the country to which the bonds are being sent, which bill of exchange accompanies the bonds themselves. This is the way in which sales of bonds abroad bring large amounts of foreign exchange into existence. Drawings of this kind at times when big amounts of American bonds are being sold abroad frequently flood the exchange market with bills, causing sharp depression in rates and not infrequently bringing about gold imports.

In the second case, where the bonds purchased are to be left here for some little time, the usual method is for the American banker to draw a long bill of exchange (that is to say, a sixty or ninety day bill) upon the buyer of the bonds abroad, the securities being left here. By the sale of these long-term bills, the American banker is enabled to furnish the money required by the railroad, without putting up any actual cash. During the life of these bills the process of distributing the bonds can go forward. At the end of the sixty or ninety-day period, if the bonds have

not all been sold, the drafts drawn on the foreign banker can be renewed, a new period for distribution being thus obtained.

Effect of Bond Sales Abroad.

Coming down to the question of the effect on the market of these large sales of American securities abroad, a very great deal of misapprehension exists. At a time like the present, when the balance of trade is running heavily against us, sales of our bonds to foreign bankers temporarily supply the urgent need of commodity exports; but sales of bonds are, after all, not sales of commodities and ultimately simply increase the amount which we owe on the other side. In the case of short-term notes, for instance—bonds running from three to five years—the day of payment is simply postponed.

In the case of long-term bonds, the payment may be deferred for a longer period, but each year interest on the bonds must be remitted, the annual interest charge of our own to the foreign markets being thus augmented. It is the steady sale of American bonds abroad during the past few years and the huge amount of interest which must be remitted each year on these new placings, which makes our annual interest charge great as it is.

Still, however our floating debt to the foreign markets may be increased by the interest charges on the new bonds sold abroad, it is a thoroughly satisfactory development that, at a time when our foreign trade has fallen into so apparently hopeless a condition, we are able to extricate ourselves by selling so large a volume of our securities on the other side. With gold pouring out of the country at a time when bank loans had been extended as they had, it became a question of conserving the gold holdings of our banks at almost any price. This, for the time being at least, has been accomplished by the hundred-odd million dollars' worth of bonds which report has it have been placed in London, Berlin and Paris. When the time for the ultimate payment comes, perhaps we shall be in a stronger position than now to take care of the indebtedness which we have incurred.

THE MAN WHO WAS TOO CAUTIOUS

A MAN recently died, leaving to his son an estate valued at about $100,000. Not particularly familiar with investment matters, and fearful of his own judgment, the son took the money and put it into just 25 different kinds of railroad bonds—four of each. "I guess I'll be safe now," he remarked to the writer.

As time went on, however, this over-cautious investor found that he had laid up for himself a great store of trouble. On the various bonds he held, coupons were coming due all the time—some of them at irregular dates in the middle of the month. Not only that, but every time he opened his newspaper he saw an item of news about one or more of the roads whose bonds he held, and, be-

ing of a thorough turn of mind, felt it his duty to read all about it. The task finally grew irksome. "It's too much trouble to try to keep in touch with the affairs of so many companies," he said to himself.

Finally, one of the companies went into receiver's hands and four of his bonds defaulted on their interest. "Glad all my money isn't in that kind," he thought at first, but after a while the idea began to change in his mind. "Don't I multiply my risk by being the holder of so many different kinds of bonds?" he began to ask himself. "I insure the safety of the whole—that's true—but don't I unnecessarily increase the risk of losing a part? Wouldn't it be better for me to concentrate on three or four good issues, and then keep a close watch on the affairs of those companies?"

Thinking it over, he came to the conclusion that it would, and made the change. His mind has been much easier since and he has never lost a dollar of his original investment.

AS TO THE MOVEMENT OF GOLD

By Fritz Fischer

AN account of the rapid increase in the gold production of the United States and on account of the fact that the currency is infinitely better established now than it was ten or twenty years ago, gold exports have not the same degree of interest which they formerly had, but are, nevertheless, still a consideration of the utmost importance. The days of Gould, Cammack and others who used the banks in which they were interested as pawns in the game which they happened to be playing—often ordering gold exported or imported at a loss merely to satisfy their ulterior purposes—are over, but gold exports and imports are still a factor of considerable importance in determining the course of the markets.

The Primary Distribution.

Underlying the whole question of gold movements is the fact that most of the gold produced to-day is taken out of the ground in districts remote from the great financial centers. Of the world's annual production of about $450,000,000, considerably over half is produced in South Africa, Australia, and other districts from which the precious metal must be carried great distances to banking centers before it can be distributed at all. On account of the great ownership of the British nation in the world's gold mines, London is naturally the point to which most of the raw gold comes. Every week, steamers arrive from Europe and the Cape, bearing argosies of gold far greater than those borne in the old days by the rich Spanish galleons.

The way in which what may be called the primary distribution takes place is about as follows: Each Monday morning there is held at London an auction of gold at which the metal which has arrived during the previous week is disposed of to the highest bidder. At this auction are present representatives of all the great foreign banks who may care to bid for the gold, and who do their bidding according as exchange rates upon London allow them. It will happen sometimes that all the gold arrived in London during the previous week is taken for account of Paris or

Berlin or any other foreign banking point; or, on the other hand, the Bank of England may itself be successful in securing the arrivals. Again, the consignment may be divided up, some of the gold remaining in London and some of it being shipped abroad.

The Secondary Movement.

In any case, it will be seen, radical distribution takes place, the new gold arriving in London being scattered shortly after its arrival there. After that takes place what might be called as a secondary distribution, Amsterdam. for instance, taking from Paris some of the gold which Paris has been able to secure, and then again Brussels, perhaps, drawing the metal from Amsterdam. This is all according as exchange rates fluctuate, and is the means of bringing the gold to its more or less permanent lodgment.

As is well known, gold moves along the line of exchange rates—that is to say, when exchange is high, gold is exported, and when exchange is low, gold is imported. For this, the reason is simple enough. Assume, for instance, that the rate of exchange on any given point is high. That in itself presupposes that the supply of exchange on that point is scarce. Anybody wishing to remit to that point, therefore, must either pay a high rate of exchange or must ship the only commodity which can figure in international payments—gold. When it happens that the cost of buying a draft for, say, one pound sterling, is greater than the cost of buying the equivalent of one pound sterling in gold, plus the charges of shipping that one pound sterling, then gold will go out.

In an article published in "Investments," for April, the main influences causing a rise and fall in exchange were set forth. Reference to that article will give a fair idea of the causes tending to drive the exchange rate down to a point at which gold can be imported, or on the other hand tending to raise exchange to the point at which gold goes out.

When Gold Goes Out.

Turning from general discussion of this question to the more specific question of the gold movement between New York and foreign points, it may be said at once of any gold movement that whether it is to be regarded as an export movement or an import movement is merely a matter of view-point. When we ship gold from here, we consider that we are exporting; London, on the other hand, considers such a movement as an import movement. Actually, they are one and the same thing. For the purpose of illustration, therefore, it is only necessary to look at one side of the case, and as we are at present in the midst of an exporting movement, that side is the one which possesses the greater interest just now.

Suppose, for instance, that the exchange market, from any cause or combination of causes, has been driven up nearly to the gold export point and that

there still exists a considerable demand for exchange. That demand can then be satisfied only by shipment of actual gold. The parties wishing to remit exchange may not be the ones who send out the metal, but that is immaterial. Whether they send it out, or whether some banker engaged in the foreign exchange business sends it out in order to create a fresh supply of exchange, makes no difference. The point is that the shipment of gold abroad creates fresh balances which can be drawn on, and brings into existence a new supply of exchange.

Coin and Bars.

The operation of shipping gold is in itself interesting. Coin is often used, but bar gold is preferable and used by shippers whenever it can be obtained at the U. S. sub-treasuries. Coin is paid for at its face value, but is credited abroad by weight. Unless it is new, therefore, considerable loss may be caused the shipper by reason of the fact of the coins having been rubbed and having lost weight. With bars, on the other hand, it is a mathematical calculation. So and so many ounces are bought at a certain price and paid for, and upon arrival of the metal on the other side are credited at so and so much per ounce.

There is not as much profit in shipping gold as might be thought, a thousand dollars on each million being considered quite enough of an inducement to make banking houses go in for transactions of this kind. There is, moreover, considerable trouble attached to gold shipments, so much, indeed, that many firms will have nothing to do with the business whatever, preferring to let others handle it. It has come about as a consequence that the whole business of exporting gold from New York is concentrated in the hands of the comparatively few firms who are thoroughly familiar with the operation and who have the right facilities and connections abroad.

Various schemes have been suggested to lessen the flow of gold back and forth across the ocean, but none of them have ever amounted to much. Until the millennium is reached, no such proposition as international clearing-house certificates need seriously be considered—it is hardly to be thought, for instance, that France or Germany would be content to leave any large amount of their gold in the custody of some third party. Gold, after all, is shipped back and forth in payment of debts between countries. As foreign trade, security operations, loans, etc., increase in volume, it seems unavoidable that the shipping back and forth of gold must increase as well.

IS THE STUDY OF RAILROAD STRATEGY WORTH WHILE?

OF just how much value to the investor in railroad securities is a knowledge of railroad strategy—of the chances of this road being absorbed by that—of one road being taken over by another for the purpose of being made a connecting link? That is a question frequently asked and to which some curious answers are made, answers which show how it is possible to misapply useful information.

Mere knowledge does not command any price in these days of the wide dissemination of literature and information. What is required for success is not knowledge so much as the ability to reason deductively. "Let me see, *this* is so and *this* is so—that means that *this* may reasonably be expected to happen."

Knowledge of the facts is not enough; success calls for the ability to reason from them.

Canadian Pacific, for instance, buys up a Wisconsin Central, and over that line gets an entrance to the second biggest city in the country. What does it mean for Wisconsin Central? All the difference between a struggling existence and easy prosperity. Edwin Hawley's brain maps out a great system of railroads, with Chesapeake & Ohio as the backbone of the whole thing. What does it mean for the Chesapeake? All the difference between being a little coal road of the nowhere to nowhere variety and being a big, powerful and influential trunk line.

Not every piece of consummated railway strategy, however, means prosperity and price appreciation for the roads concerned. The wayside is strewn with the skeletons, the rust-covered rails, of those for whom it has not. It takes study and deductive reasoning power to judge the effect of such factors. Is it worth the trouble to keep in touch with them? Ask the man who holds Colorado & Southern bonds bought at eighty, the man whose Chesapeake & Ohio stock stands him in at forty, or the man who bought his guaranteed Wisconsin Central preferred at thirty.

RAILROAD DIVIDENDS

THE GENERAL ADVANCE IN RAILWAY WAGES, AND ITS BEARING ON THE SITUATION

By E. Clinton Harper

APRIL and May of 1910 will go on record as a time when a very general advance took place in the wages of the railway trainmen. Beginning with the advance granted by Pennsylvania, practically all the railroads in the eastern territory either voluntarily or through boards of arbitration made increases in the pay of their men which, when taken all together, aggregated not far from half a hundred million dollars.

It is pleasant to hear of the men getting higher wages—an alleviation of the burden of the high cost of living through increased pay—but at the same time there is another side to the question which the investor is bound to consider. What does it mean with regard to dividends, present and prospective? For two years the tide of operating costs has been rising steadily; now on top of it all comes this increase in wages which will make the cost of labor to the railroads even more expensive. How about dividends prevailing now? Can they be maintained? And how about dividends on the roads which were about to begin

disbursements? Will the rise in any wages which has taken place indefinitely postpone their paying dividends?

The Wage Increases of Four Years Ago.

To get the whole thing in right perpective it is necessary to bear in mind that the general wage increases now being made are the second such movement within the past few years. Back toward the end of 1906 the prosperity of the country was at a high pitch. The railroads found themselves offered more business than they could handle. Earnings were excellent, and dividends on all sides went up. Quick to realize the fact, the labor leaders demanded more pay for the men. Their demands were not in vain. Wage increases averaging ten per cent. were granted.

Then came 1907, the year of the panic, and after that all the depression of 1908, during which time most of the railroads of the country only with the greatest of difficulty managed to earn their fixed charges. Net earnings were cut down to nothing, but wages were left untouched. A half-hearted proposition to reduce the pay of the trainmen was brought forward, but met with such a storm of popular disapproval that it was soon enough abandoned. Through all the depression, wages were left at the high notch established during the prosperity of 1906.

It is a fact known to every observer of railroad affairs that operating costs of every kind have risen tremendously during the past two years. Now on top of all this rise in costs and on top of the wage advances granted in 1906 comes this further increase in the cost of labor, which means to the railroads operating in the Eastern territory alone, an annual additional charge of at least $50,000,000. Concerning the influence of such a development upon dividends, it need only be said that were it not for the general advance in freight rates which is under way the outlook would be exceedingly dark. Before the wage advances were granted and operating charges thus greatly increased, the railroads were pretty well assured that an increase in the rates charged for transportation would not severely be opposed by the Interstate Commerce Commission.

The Freight Rate Controversy.

The rise in freight rates now going on comes at the end of a ten-year period when the price of practically everything used in railroading has risen greatly, while freight rates have been standing still. The efforts of the railroads to get permission to put up their rates form one of the most interesting chapters of contemporary financial history. In the beginning of 1908 a determined fight was made by some of the big trunk lines to get the Commerce Commission to let them put up rates, but the time was thoroughly inopportune. From all over the country went up the cry, "Business is bad enough now, and any advance in transportation cost will only tend to make it worse, and delay its recovery. The railroads' business may be bad, but so is all other business bad, and the railroads are as well able to stand it as anyone else. Let them leave their rates alone."

Conditions now, however, are very different. During the two years since then there has been a tremendous further advance in the cost of running the railroads, while the general industry of the country has increased to a point where it is well able to bear the added danger of an increase in railway freight rates. Looked at impartially, it must be admitted that the railroads can make

out a very strong case. While the price of everything else has been going up, the price of transportation has stood still. "Why," ask the railroad men, "should we not be allowed to earn a fair return on our capital? With the average return on all the money invested in railroad enterprise in the United States earning only slightly over four per cent. will the investor be willing to advance us the capital we need?"

All of which has a very important bearing upon what Mr. Hill recently said concerning the inability of the railroads to raise the capital they need and the freight-congestion which results therefrom.. Increased freight rates mean better operating results for the railroads, and that means higher dividends, eventually. Higher dividends will go a long way toward attracting that capital which Mr. Hill thinks so essential to the development not only of the railroads but of the country at large.

Stability of Dividends.

Against the proposed increase in freight rates there has naturally been raised the voice of protest, especially from the shippers' associations all over the country. This, however, was to have been fully expected, and will hardly account for much when the Interstate Commerce Commission comes to weigh the justice of the railroad's claim. And, assuming that the plans of the railroads are not blocked, there is no reason why the stability of dividends should be in danger. It is true, perhaps, that even with the increase in freight rates proposed, the amount lost by the increase in wages will not fully be made up, but that is merely a matter of the present and will correct itself in time. The railroads have been forced largely to increase their operating charges—it is only fair now that their income should be correspondingly increased.

All indications now are that will be, and that the dividend outlook may be regarded with perfect assurance.

BORROWING AND LENDING STOCKS

An account of the present agitation against selling stocks short, the practice of "lending" stocks is coming in for a good deal of attention just now.

A broker carrying stocks for a client can raise money on them in two ways. He can take them to his bank and get an advance of $100 for each $120 of their quoted market value, or he can "lend" the stocks to some other broker, who, as security, keeps him supplied with their full market value in cash.

From which it is clear enough why brokers who are carrying stocks like to lend them out to other brokers. But why does anyone want to borrow stocks? Because they have sold short—that is to say, without having what they have sold—and must deliver the next day before 2.15 P. M. They "borrow" the stock and deliver that. When the transaction is to be closed, the man who has sold short, say, 100 U. S. Steel, must go into the market and possess himself of 100 Steel, and return it to the broker from whom he originally borrowed it.

BANK CREDIT AND ITS RELATION TO PRICES

By Wesley Steele, Chief Statistician, Financial Graphic Service

WHY do prices vary? Is the general price level changing? If so, to what extent, and why? What may the future have in store for us in this respect? These are some of the questions which have been and are claiming much serious attention at the hands of able and learned statesmen, economists and financiers.

That the prices of the staple commodities in this country to-day average some forty per cent. to sixty per cent. above the level of a decade and a half ago seems to be established beyond reasonable doubt by changes to this extent in the well-known commodity prices index numbers of Bradstreet and the Department of Commerce and Labor. Nor is this condition peculiar to the United States—witness the similar movement in commodity prices in the London market as reflected in the index numbers of the "London Economist" and of Mr. Sauerbeck in the "London Times."

Perhaps the most widely accepted and ably supported theory in explanation of this rise in commodity prices attributes the upward movement to the increase in the world's gold production, which has risen from an annual output of about two hundred million dollars in 1896 to about four hundred and sixty millions in 1909. Many exponents of this theory forecast a probable continuation of the upward movement of prices, basing this deduction upon the underlying strength of the gold producing industry at the present time.

It is not our purpose to oppose this gold theory nor to gainsay the basic relation of gold money to price. The gold production theory alone, however, is far from satisfactory, as an explanation of the violently reversing price tendencies experienced over comparatively short periods of a few years, these price movements being entirely out of proportion to coincident or analogous changes in the world's gold production or gold money supply.

It is to the mechanism of credit, which has come to play such an important part in the trade and commerce of the world, that we must direct our attention if we would search out the meaning and causes of these shorter swings or cycles in general business and prices.

Bank Credit is the Principal Medium of Exchange.

The banks are the great manufactories, market places and storehouses of credit. Through the banking channels and clearing houses of the country pour the mighty streams of credit transfers which constitute the immediate consideration in the great bulk of modern business exchanges. Bank credit has come to be the principal medium of exchange,* its favor resting largely upon its convenience in transfer; its value upon the belief that it will be accepted at par with gold money in exchange for other commodities, and that it may be converted into gold money, if desired, without consequent loss.

This bank credit is transferred from one to another account in direct exchange for other commodities of all kinds, including other forms of credit and money. Bank credit is granted by the banks in exchange for money and for credit instruments, such as promissory notes and bills of exchange, with or without collateral security.

Demand and Supply of Bank Credit Underlie Price.

Deposits may be said to constitute the supply of bank credit from the standpoint of the depositors, while the loans, on the other hand, represent public demand for credit accommodation. The ratio of loans to deposits at any time thus represents the relation of demand to supply of bank credit, constituting the fundamental condition underlying its price. The condition of relative demand to supply of bank credit

must be a factor in determining the freedom with which bank credit may exchange; in other words, a factor in the price of every article for which it is given in exchange. But, since eighty to ninety per cent. of all business exchanges in this country are effected through transfers of bank credit,* this relation of loans to deposits must constitute a general factor entering into the exchange or sale price of all commodities. That this deduction is not seriously at variance with the facts, statistical analysis seems to verify with striking consistency over the period of the past fourteen years, as evidenced in the accompanying graphics here presented by permission of The Financial Graphic Service. The graphics represent (1) loans to deposits, all national banks (as shown in the reverse), (2) railroad bond prices, (3) industrial stock prices, (4) commodity prices (Bradstreet's Index Number). The fourteen years in question are of especial interest because they embrace the period of abnormal price change which has recently brought out so much discussion.

The Graphics Show the Facts.

The (1) ratios of loans to deposits, all national banks, have been computed for each report by the Comptroller of the Currency during the fourteen-year period. Banks to the number of 3,706 reported on December 13, 1895, and 7,045 on January 31, 1910. The ratios have been plotted in the reverse to bring out the resemblance to the price movements shown in the other graphics, for, since price is a mutual relation, the price of bank credit in terms of other commodities must bear a reciprocal relation to the price of other commodities in terms of bank credit. The heavy black vertical line represents the average of the ratios during the ten years from 1898 to 1907, inclusive. It will be noted that bank credit conditions were greatly strained in 1896, at which time the prices of bonds, stocks and commodities were relatively very low. In three other places, namely, at the beginning of 1900, in 1903 and in 1907 this index of bank credit conditions shows graphically to the left of its ten-year average line. The analogous movements in prices will be plainly seen in all of the graphics.

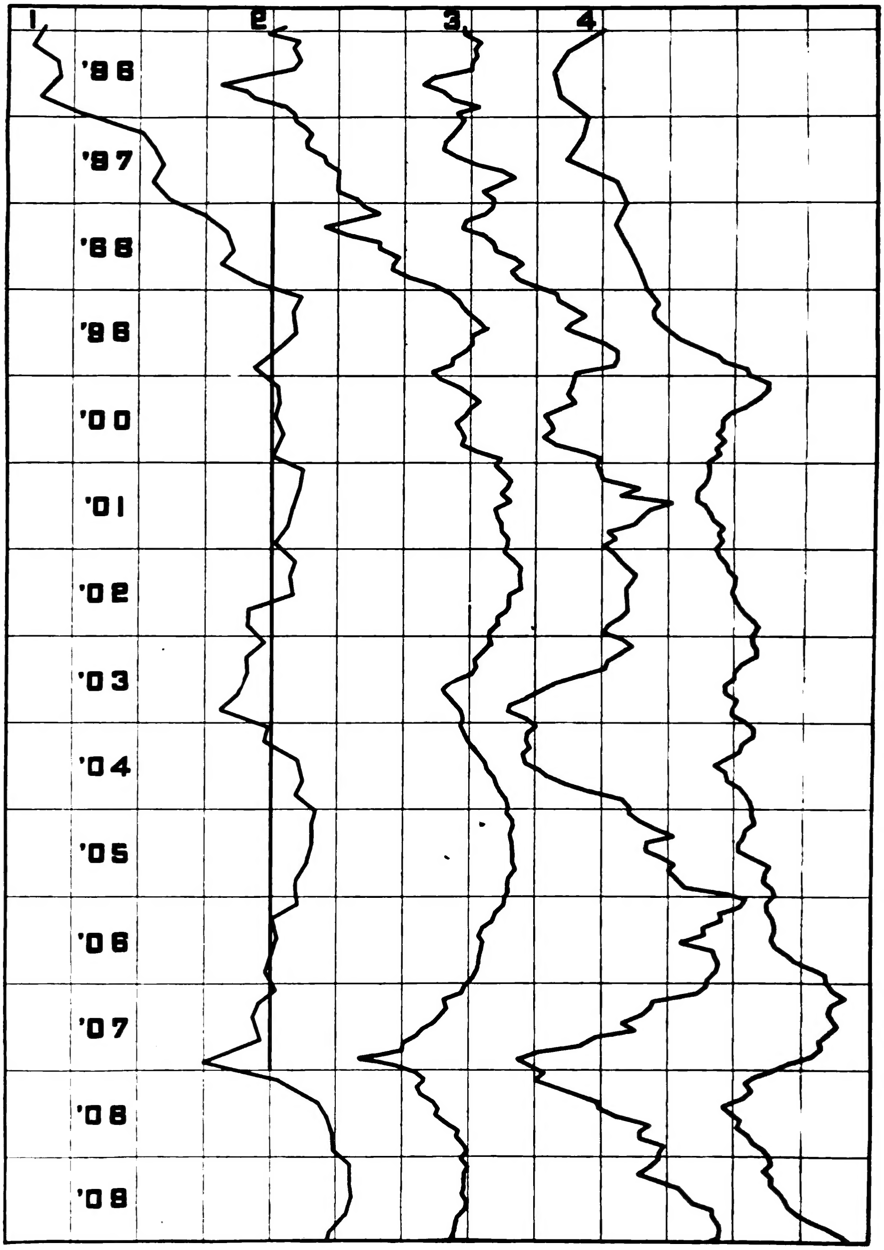
The graphic of railroad bond prices (2), it will be noted, swings almost in unison with the bank credit graphic. The violent drop in bond prices in the spring of 1898 is coincident with the war with

*Senate document No. 399, National Monetary Commission, The Use of Credit Instruments in the United States, Inquiry March 16, 1909, by the Comptroller of the Currency, report compiled by David Kinley, Ph. D., LL. D., page 198.

"* * * we reach a final average percentage of eighty-eight as that which represents that part of the trade of the country which from day to day is settled by means of checks and other credit paper.

The conclusion reached in 1896 was that eighty per cent. was a fair probable average. * * * Very likely a figure between eighty and eighty-eight would be about right."

Again on page 183:—"* * * The returns, put in this form, bring out strikingly again the overwhelming importance of the national banks in our commercial activity, although their number is so much smaller than that of the others. * * *"



1. Loans to Deposits, National Banks of the United States.—The indexes underlying this graphic are compiled from the reports of the Comptroller of the Currency, five indexes being computed for each of the fourteen years here shown. Although the graphic is based upon the Ratios of Loans to Deposits indexes, these have been plotted in the reverse to bring out the inverse relation of the ratios of demand to supply of credit to the prices of other commodities.

2. Railroad Bond Prices.—The monthly indexes underlying this graphic represent the average prices of ten high grade railroad bonds.

3. Industrial Stock Prices.—The monthly indexes underlying this graphic represent the average prices of ten representative industrial stocks.

Spain. As this event did not have a serious effect upon banking conditions generally through the country, bond prices soon resumed their previous trend. Since the bond prices indexes represent bonds of high grade as to security, fixed as to income yield, hence, practically invariable in themselves, the variations in these indexes may be considered to consist principally of variations in the value of the bank credit for which they exchange, a relation which is clearly shown in the graphics.

Stock prices are more variable as to security of principal and rate of income yield. The effects of the variations of bank credit conditions may here be considered to be superimposed upon the trend of business. But, business, too, must eventually register the effects of altered conditions of demand and supply of the principal medium of business exchange. Stock prices, therefore, do not long delay response to the underlying conditions of bank credit, as will be seen in the graphic of industrial stock prices (3).

Commodity prices (4) show still more of a lagging tendency, but the analogous movements are nevertheless plainly to be distinguished. When thought is given to the ponderous machinery of production and general business exchange, this slower response to underlying conditions does not seem at all strange.

Some freedom has been taken in the matter of scale in plotting the graphics. The movements in (4) commodity prices have been reduced to one-half, and the movements in (3) industrial stock prices have been reduced to one-fourth size relatively to the movements in (1) bank credit conditions and (2) railroad bond prices.

THE SIGNIFICANCE OF THESE FACTS.

From the showing upon analysis, as evidenced in the accompanying graphics, it appears that the controlling factors which lie at the base of general price movements meet in the bank credit conditions here pictured. In the latter we have a definite measurement of underlying fundamental conditions which, it seems, constitutes a basis for approximating, with more than a tolerable chance of accuracy and somewhat in ad-

4. Commodity Prices.—The index numbers underlying this graphic are based upon Bradstreet's Index of Commodity Prices, representing the average of the prices per pound of ninety-six commodities in the principal wholesale markets.

Scale:—The movements in graphic No. 4 have been reduced to one-half size, and the movements in graphic No. 3 to one-quarter size, relatively to the movements in graphics Nos. 1 and 2.

These graphics are published by permission of The Financial Graphic Service.

vance, the general movements or cycles in business and prices. From this standpoint it may be truly said that "coming events cast their shadows before," a relation of significant moment to the banker, the investor and business men generally.

These movements represent a breadth of inquiry which requires some reflection to fully appreciate. The bank credit statistics represent more than 350,000 reports by individual banks to the Comptroller of the Currency during the fourteen-year period. More than 700 items from the Comptroller's reports enter into the computations for final reduction to graphic No. 1. Approximately 30,000 items underly the computations resulting in graphics Nos. 2, 3 and 4, each item representing the exchange price of a selected bond, stock or other commodity at a particular time in the most representative market. The true practical significance of this data is available at a glance through the graphic method.

CONCERNING THE INSTABILITY OF INVESTMENTS

By J. Hathaway Pope

THE man of business has neither the time nor the adequate knowledge to apply to the affairs of a miscellany of corporations whose stocks or bonds he may hold. Too frequently the importance of keeping in constant touch with current conditions is brought home to him by the sudden discovery that certain investment securities, which have been his reliance, have defaulted, or that their value is to be materially decreased by reorganization.

His excuse may be that he was too busy and had not time properly to attend to his investments. Such is too often the case with busy men and inexperienced women, heirs to securities, who put them away, oftentimes without knowing much about their past or present status. Losses occur through the indifference, the fancied security, with which heirs rely on the original choice of investments and fail to follow current events that may be of important influence on values. Such investors are unconsciously following the example of the servant who buried his talents while the other two kept turning theirs to advantage. Their reward is similar, too, for they miss the profits which more watchful investors secure, and they often lose their original capital as well. For just such reasons many wealthy men, who leave large fortunes, take care to have their estates managed by trust companies or by trained executors.

Schemes That Have Absorbed Money.

Many have been the alluring schemes, put forth with good financial backing, seemingly worthy of investment notice, that have eventually swallowed up large sums of money.

The American Bicycle Company, prosperous for a time when the early bicycle craze was at its height, ruined hundreds of investors in its collapse. Bicycles have become a permanent success, but the financing of the manufacturing trust was not conservative and failure came. Investors, only a few years ago, eagerly placed their funds in wireless telegraph securities. Their cupidity has justification in the success of the invention, for wireless telegraphy has progressed until it threatens to displace in time the need for cables. Yet early investors lost their money through lack of conservative reasoning as to the financial soundness of the project, just as the followers of Cyrus W. Field, in the early sixties, lost fortunes in backing the laying of the Atlantic cable. Cable companies have

since become prime investments—and so wireless companies may.

Telegraph and telephone company securities of almost a billion dollars' value are now lodged with investors, few of whom know that sixty-five years ago, after the formal opening of the first telegraph line built for commercial purposes, between Baltimore and Washington, Professor Morse and his associates offered to sell their invention to the U. S. Government for a paltry $100,000.

Fickleness of Supposedly Sound Investments.

The instability of well-conceived investments is a commentary on the progress of the race. Its daily exemplification demonstrates the importance of keeping in constant touch with developments that affect values. We are living in an era of progress. New inventions are constantly being perfected. A legion of undertakings fail from their inception; but others make large fortunes for their inventors and promoters, and cause tremendous losses to the formerly successful companies that have been relying on patents perfected a score of years before.

During the past twenty years many important changes have taken place. The bright promise of one day turns, in a year's time, to uncertainty, and later to complete loss. A new and promising company rises, seemingly from the ashes of a former rival. The public forgets the disaster and the only mourners for the wreck that progress leaves in its wake are the investors who neglected to see that tremendous losses were in store for their companies—put out of business by the cheaper and better methods which invention and progress were evolving for the benefit of more aggressive rivals.

Present Investments Formerly Decried.

Electric motors pull railroad trains as fast as do steam engines. Electricity is supplanting gas, and gas companies are absorbing their rivals for their own protection. Securities of electric companies are recognized now as standard investments, whereas in the nineties they were of unstable merit. Irrigation company bonds were not given any consideration by the investor, so recently as five years ago. Now a ready market is found for them and they are being recommended by the best bond houses. The changing investment field is filling with tried securities of a nature that formerly were not considered conesrvative. Even some mining securities are ranked as stable investments, a classification undreamed of but a few years back.

Investments That Depreciate.

Let the investor safeguard his investments how he may, losses through depreciation are bound to occur. The

tremendous drop in securities of the Buffalo & Susquenhanna Railway has brought loss to many who relied on the security of the bonds. In 1909 the four per cent. bonds were selling at 90, the 4½s at 75 and the preferred stock at 60, but after the failure of the company's bankers, the market values declined to about 70 for the four per cent. bonds, 30 for the 4½s and 22 for the preferred stock.

Another illustration of the shrinkage in seemingly secure investments is furnished by the record of the Brooklyn Ferry Company. When, aside from the Brooklyn Bridge, ferries were the sole means of communication between New York and Brooklyn, people invested in Brooklyn Ferry first mortgage fives at over 90. The stock was then—only as far back as 1900—selling at $30 per share. Few investors then imagined that the North and East Rivers would be tunnelled. But those who were constantly watching the signs of the times sold out these seemingly gilt-edge bonds, when subway and bridge competition loomed threatening. The majority, who were necessarily not alive to the portending changes, are now holding defaulted bonds, which bring but 28 in the market, and stock that is utterly worthless, while express trains running under the East River, carrying passengers who previously patronized the ferries, are earning for the new tunnel companies large net returns. McAdoo tunnels are making equal inroads into North River ferry earnings, but they are at the same time producing increased property values in Jersey towns. So new inventions build up as well as tear down. They point to avenues for the profitable employment of funds that foresight and study persuade careful investors to remove from securities no longer safe.

How the Investor May Avoid Loss.

A doctor is consulted by a man who is ill, a lawyer by a man who is in need of legal advice. Few if any rely with equal confidence on the advice of their brokers in investment matters. The broker is too often merely the buyer and seller of securities and may be but poorly informed as to their potentialities. Yet his services may be invaluable. The investor should give his broker a fuller opportunity to assist him, and should furnish his broker with a list of securities that he owns. The broker will keep alive to their fluctuations and to their possibilities, and will, without charge, advise his clients instantly of any news that may come to him.

THE SHORT TERM SECURITIES MARKET

THE present market for all first class, short term securities is very strong, say Judson G. Wall & Sons. While the demand exceeds the supply, only in a few cases are these securities bringing better than a four per cent. basis. Most of the sales for six months' bonds are made on a four and one-quarter basis. Maturing bonds are the most sought after, as they generally pay a little more than the first class notes.

Practically all of the buying comes from abroad, and has been increasing for the past four or five months. Securities longer than two years are not quite in such demand. In fact, the issue of Bethlehem Steel six per cent. notes, due 1914, are now selling two points below the issuing price (par) of six months ago. A few well known issues, due in from two to four years, are selling on from a six per cent. to a seven per cent. basis, yet when the time comes they will probably be taken care of.

While a large number of the notes issued just before and after the panic of 1907 have matured or are maturing, generous additions have been made during the last two years. This in a large measure would not have happened if the bond market had been in good condition.

The fact that there is little demand for short term notes from our country banks shows that they have use for their money at home. This inspires the belief that ~~the business~~ conditions are not as bad as the pessimists see them.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corected to May 20, approximate yield as figured June 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 10 Wall St., New York.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100¾-101⅛	1.66
U. S. Gov., reg. 3s, 1918	102 -103	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.95
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	102 -105	3.77
Colorado 4s, '22 (op. '12)	96 -100	4.00
Connecticut 3½s, Apr., '30	100 -102	3.37
Georgia 4½s, July, 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	102 -103	2.88
North Carolina 6s, Apr., '19	115 -116½	3.80
South Carolina 4½s, 1933	103½-104	4.22
Tenn. New Settlement 3s, '13	94½- 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	40 - 43	...
Boston 3½s, 1929	95½- 96½	3.85
New York City 4½s, 1957	108 -108¼	4.10
New York City 4½s, 1917	102½-103¼	3.92
New York City 4s, 1959	99¼- 99¾	4.01
New York City 4s, 1955	98½- 99	4.03
New York City 3½s, 1954	88¼- 88½	4.07
New York City 3½s, 1930	90 - 91½	4.12
New York City rev. 6s, 1910	101 -101½	1.30
Philadelphia 4s, Jan., 1938	100 -101	3.95
St. Louis 4s, July, 1928	100¼-101	3.92

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98¾- 99⅛	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 97⅞	5.10
Am. Locomotive 5s, Oct., '10	100 -100¼	4.25
Bethlehem Steel 6s, Nov., '14	98¼- 99¼	6.20
"Big Four" 5s, June, '11	100¼-100⅝	4.35
B. R. & P. Equip. 4½s	99¼-100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	97 - 97¼	5.05
Diamond Match 5s, July, '12	98½-100	5.00
Hudson Co. 6s, Oct., '11	99½-100	6.00
Interboro 6s, May, '11	101½-102	3.92
K. C. R. & L. 6s, Sept., '12	98 - 98⅜	6.50
K. C. R. & L. 6s, Sept., '12	98 - 98⅜	6.50
Maine Central 4s, Dec., '14	98 - 99	4.25
Minn. & St. Louis 5s, Feb., '11	99¼- 99⅝	5.58
New. Orl. Term. 5s, Apr., '11	100 -101½	3.45
N.Y.C. Equip. 5s, Nov., '10	100¼-100⅜	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103¼-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.N.H.&H. 5s, Jan., '11	100¼-100¾	3.70
N.Y.N.H.&H. 5s, Jan., '12	101⅜-101⅞	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	96 - 96¾	6.00
St. L. & S. F. 5s, Apr., '13	98⅜-98¾	5.45
Southern Ry. 5s, Feb., 1913	98¼- 98¾	5.45
Tidewater 6s, June, '13	101¼-101¾	5.35
Westinghouse 6s, Aug., '10	100⅛-100¼	4.25
Wood Worsted 4½s, Mar., '11	99⅜-100	4.60
Western Tel. 5s, Feb., 1912	99¼- 99½	5.20

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Ann Arbor, pref.	70	75
Arkansas, Oklahoma & Western	5	8
Atlanta & West Point	165	180
Atlantic Coast Line of Conn.	240	250
Buffalo & Susquehanna, pref.	10	12
Central New England	16	18
Central New England, pref.	25	30
Chicago, Indianapolis & Louisville	50	56
Chicago, Ind. & Louisville, pref.	62	68
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. O. & Tex. Pac.	121	125
Cincin., N. O. & Tex. Pac., pref.	105	107
Cincinnati Northern	45	50
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref.	103	109
Delaware	47	49
Des Moines & Ft. Dodge, pref.	78	85
Detroit & Mackinac	50	..
Detroit & Mackinac, pref.	88	94
Grand Rapids & Indiana	48	55
Georgia, South. & Florida	25	33
Georgia, South. & Flor., 1st pref.	95	98
Georgia, South. & Flor. 2d pref.	75	77
Huntington & Broad Top	7	8
Huntington & Broad Top, pref.	25	30
Kansas City, Mexico & Orient	21	24
Kansas City, Mex. & Orient, pref.	26	30
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref.	33	38
Maine Central	200	210
Maryland & Pennsylvania	16	22
Michigan Central	160	172
Mississippi Central	39	42
Northern Central	129	132
Pitts., Cin., Chic. & St. L., pref.	105	110
Pittsburg & Lake Erie	300	250
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	28	32
Pere Marquette, 1st pref.	57	60
Pere Marquette, 2d pref.	35	40
St. Louis, Rocky Mt. & Pac., pref.	..	45
Seaboard 2d pref.	40	44
Seaboard 1st pref.	70	...
Seabord 2d pref.	40	44
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref.	60	70
Texas Central	42	...
Texas Central, pref.	75	85
Virginian	20	24
Vandalia	85	...
Williamsport & North Branch	1	2

GUARANTEED BONDS.

[Corrected to May 18.]

Quoted by White & Co., bankers, dealers in investment securities, 25 Pine St., New York.

RAILROADS.

	Bid.	Asked.
Ala. Midland 1st 5s, 1928	107	108½
Big Sandy Ry. Co. 1st 4s, 1944	84	89
Cent. Br. (Mo. Pac.) 1st 4s, 1919	..	93¾
Cent. Vt. Ry. 1st 4s, 1920	84	86
Chic. & Erie R. R. 1st 5s, 1982	108½	112½
Chic. Ind. South. R. R. 4s, 1956	..	93½
Cleve. Term. & Val. 1st 4s, 1995	92	95
Dallas & Waco Ry. 1st 5s, 1940	106	109
Des M & Ft. Dodge 1st 4s, 1935	88	91½
Detroit & Tol. Line, 1st 4s, 1953	86	91½
Easton & Amboy 1st 5s, 1920	104	106
Elmira, Cort. & Nor. 1st 6s, 1914	102¼	...
El Paso & Rk. Island 1st 5s, 1951	102	107

	Bid.	Asked.
Fla. West Shore Ry. 1st 5s, 1934..	96	99
Ga., Caro. & Nor. 1st 5s, 1929....	104½	106
Gila Val., Globe & N. 1st 5s, 1924..	102	105
Ind., Dec. & West'n 1st 5s, 1925 ..		107
Kans. & Colo. Pac. 1st 6s, 1938..	106	108
Keo. & Des Moines 1st 5s, 1923..	100	...
Long Island 4s, 1949	94½	98
Louis. & Jeff. B'dge Co. 1st 4s, 1945 ..		98
Md., Del., Va. Ry. 5s, 1955......	98	101
Miss. Cent. R. R. 1st 5s, 1949....	94	96
Mo., Kan. & East. 1st 5s, 1942....	110	112
Mo., K. & T. of Tex. 1st 5s, 1942..	100	104
Northern Ohio Ry. 1st 5s, 1945..	106	108
Ogd. & Lk. Champ. 1st 4s, 1948..	80	87
Ozark & Cherokee C. 1st 5s, 1913..	97	97¾
Pens. & Atl. Div. 1st 6s, 1921......	110½	111
Peoria & Eastern 1st 4s, 1940....	93	95
Pitts., Shen. & L. Erie 1st 5s, 1940.	114	116
Pitts., Shen. & L. Erie 1st 5s, 1940.	113½	114¾
Pitts. S. & L. E. con. 1st 5s, 1943.	111	114
Pitts., V., & Char. 1st 4s, 1943...	98	100
Rio Grande Junction 1st 5s, 1939..	104	106
San. An. Aran. Pass. 1st 4s, 1943..	86	86½
S. F., Pres. & Phoe. 1st 5s, 1942..	108	110
Sham., Sun. & Lwsbg. 1st 5s, 1912	100	101
Sherm., Shrev. & So. 1st 5s, 1943.	102½	105
South Bound R. R. 1st 5s, 1941..	105	...
South. & Nor. Ala. R. R. 5s, 1936..	111	112
Southern Pac. R. R. 1st 4s, 1955.	94½	95
Terre Haute & Peo. 1st 5s, 1942..	109	111
Texas & Okla. R. R. 1st 5s, 1943..	103	105
Toledo Term. R. R. 1st 4½s, 1957	94½	96
Vera Cruz & Pac. 1st 4½s, 1934..	92½	93
Western Pac. Ry. 1st 5s, 1933...	95½	96
Wtn. Ry. Co. of Ala. 1st 4%s, 1918.	99	101
Wilks. & East. R. R. 1st 5s, 1942..	100	100½

MISCELLANEOUS.

	Bid.	Asked.
Birm. Term. Co. 1st 4s, 1957....	88	90
Boonville R. R. Bdg. Co. 1st 4s, 1951 ..		...
Bry. & 7th Ave. 1st 5s, 1943....	98	103
Cin. Gas Trans. Co. 1st 5s, 1933..	95	97¼
Clairton Steel Co. Ser. 5s to 1913..	5%	4⅝%
Conn. Ry. & Lt. Co. 1st 4½s, 1951.	100	102
Dawson Ry. & Coal Co. 5s, 1951.. ..		...
De Bard. Coal & Iron 1st 6s, 1910.. ..		...
Ga. & Ala. Term. Co. 1st 5s, 1948..	101	103
Ind. Nat. Gas & Oil 1st 5s, 1936.. ..		90
Madison R. Power Co. 1st 5s, 1935	97	99½
M. City (Ind.) G. & L. 1st 5s, 1937.	92	96
Minn. St. Ry. & St. Paul City Ry. Co. 5s, 1928	104	106
Nassau Elc. R. R. 4s, 1951	75	78
New. Or. Term. Co. 1st 4s, 1953..	84	86
O. & C. B. Ry. & B. Co. 1st 5s, 1928 ..		...
Peoria Ry. Term. Co. 1st 4s, 1937..	80	83
Pitts. Coal Co. of Pa. 1st 5s, 1954..	106¾	107¾
Prov. Securities Co. 4s, 1957......	85	86¼
Puget Sound Pwr. Co. 1st 5s, 1933.. ..		...
Syracuse (N. Y.) Gas 1st 5s, 1946..	101½	103
Trenton Gas & El. Co. 1st 5s, 1949.	104	105
Trenton, Pennington & Hopewell St. Ry. 1st 5s, 1943	95	...
Union Steel Co. 1st 5s, 1952......	104½	105
Washington Term. Co. 1st 4s, 1945.	100½	102
Wash. Term. Co. 1st 3½s, 1945..	87	93¼

GUARANTEED STOCKS.

[Corrected to May 18.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 5 Nassau St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)..	280	...
Allegheny & West'n (B. R. I. & P.).	140	150
Atlanta & Charlotte A. L. (So. R.R.).	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)......	99	103
Boston & Lowell (B. & M.)........	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	20
Boston & Albany (N. Y. Cen.).....	225	...
Boston & Providence (Old Colony).	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	170
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)..	115	125
Cayuga & Susquehanna (D. L. & W.).	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...

	Bid.	Asked.
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)...	174	178
Cleveland & Pittsburg Betterment..	100	104
Columbus & Xenia (Pa. R. R.)......	200	206
Commercial Union (Com'l C. Co.)..	110	120
Com'l Union of Me. (Com'l C. Co.).	110	...
Concord & Montreal (B. & M.)....	170	...
Concord & Portsmouth (B. & M.)...	170	...
Conn. & Passumpsic (B. & L.)....	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)..	180	...
Delaware & Bound B. (Phila. & R.).	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)......	130	140
Eighth Av. St. R. R. (M. S. R. Co.)..	280	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)......	235	245
Erie & Pittsburg (Penn. R. R.)......	150	160
Franklin Tel. Co. (West. Union)..	42	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	255	...
Gold & Stock Tel. Co. (W. U.)....	108	...
Grand River Valley (Mich. Cent.)...	120	130
Hereford Railway (Maine Central)..	85	95
Inter. Ocean Telegraph (W. U.)....	95	105
Illinois Cen. Leased Lines (Ill. Cen.).	99	102
Jackson, Lans. & Saginaw (M. C.)..	90	95
Joliet & Chicago (Chic. & Al.)....	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	75	80
K. C. St. L. & C. pfd. (Chic. & Al.).	130	...
Lake Shore Special (Mich. S. & N. Ind.)	325	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.).	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	123
Mobile & Birmingham pfd. 4% (So. Ry.)	75	85
Mobile & Ohio (So. Ry.)	81	85
Morris Can. pfd. (Lehigh Valley)..	170	...
Morris & Essex (Del. Lack. & W.)..	184	...
Nashville & Decatur (L. & N.).....	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.).	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)....	300	...
N. Y. L. & Western (D. L. & W.)...	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.).	140	190
North Carolina R. R. (So. Ry.).	162	167
North Pennsylvania (Phila. & R.)..	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)....	107	115
Nor. & Wor. pfd. (N.Y. N.H. & H.).	200	...
Ogden Mine R.R. (Cen. R.R. of N.J.).	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)..	220	230
Pacific & Atlantic Tel. (W. U.)....	65	75
Peoria & Bureau Val. (C. R. I. & P.).	185	195
Philadelphia & Trenton (Pa. R. R.)..	245	...
Pitts. B. & L. (P. L. E. & C. Co.)..	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.).	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)...	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)..	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	122	125
Saratoga & Schnectady (D. & H.)...	168	...
Second Av. St. R. R. (M. S. R. Co.)..	20	50
Southern Atlantic Tel. (W. U.)....	80	100
Sixth Av. R. R. (Met. S. R. Co.)....	110	130
Southwestern R. R. (Cent. of Ga.)..	110	115
Troy & Greenbush (N. Y. Cent.)....	172	...
Twenty-third St. R. R. (M. S. R.).. ..		275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.).	250	254
Valley of New York (Del. L. & W.)..	123	128
Ware R. R. (Boston & Albany)....	160	...
Warren R. R. (Del. Lack. & W.)....	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to May 18.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	50	60
Bway Surf Ry 1st 5s	1924	J&J	102	104
Bway & 7th Av stock		....	120	135
Bway & 7th Av Con 5s	1943	J&J	100	102
Bway & 7th Av 2d 5s	1914	J&N	99	100½
Col & 9th Av 1st 5s	1993	M&S	95	100
Christopher & 10th St		Q J	80	90
Dry Dk E B & Bat 5s	1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	48	52
42d St M & St N Av 6s	1910	M& S	99½	100½
Lex Av & Pav Fy 5s	1922	M&S	95	98
Second Av Ry stock		....	14	17
Second Av Ry 1st 5s	1909	M&N	97½	99
Second Av Ry Cons 5s	1948	F&A	50	58
Sixth Av Ry stock		....	120	135
South Ferry Ry 1st 5s	1919	A&O	88	91
Tarryt'n W P & M 5s	1928	M&S	60	80
Union Ry 1st 5s	1942	F&A	100½	102
Westchester El Ry 5s	1943	J&J	65	85
Yonkers Ry 1st 5s	1946	A&O	70	85
Central Union Gas 5s	1927	J&J	100½	101½
Equitable Gas Light 5s	1932	M&S	104	108
New Amst Gas Cons 5s	1948	J&J	99½	100½
N Y & E R Gas 1st 5s	1944	J&J	102	104
N. Y & E R Gas Con 5s	1945	J&J	97	100
Northern Union Gas 5s	1927	M&N	97	100
Standard Gas Light 5s	1930	M&N	100	108
Westchester Light 5s	1950	J&D	103½	106
Brooklyn Ferry Gen 5s	1943	....	24	27½
Hoboken Fy 1st Mtg 5s	1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s	1911	J&J	93	97
NY & Hobok Fy Gen 5s	1946	J&D	97	99
N Y & East River Fy		Q M	34	39
10th & 23d St Ferry		A&O	36	...
10th & 23d St Fy 1st 5s	1919	J&D	65	70
Union Ferry		QJ	28	32
Union Ferry 1st 5s	1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to May 18.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F., com.	85	90
American Brake Shoe & F., pref.	118	123
American Brass	118	123
American Chicle, com.	218	225
American Chicle, pref.	100	105
American Coal Products	93	97
American Gas & Electric com.	42	47
American Gas & Electric pref.	41	44
Adams Express	265	290
American Express	265	280
American Light & Traction Com.	279	284
American Light & Traction pref.	103	107
American District Tel. of N. J.	46	51
Babcock & Wilcox	100	103
Borden's Condensed Milk com.	111	114
Borden's Condensed Milk pref.	103½	106½
Bush Terminal	80	90
Conn. Ry. & Ltg. Com.	74	78
Conn. Ry. & Ltg. pref.	78	83
Cripple Creek Central com.	20	30
Cripple Creek Central pref.	40	50
Del., Lack. & Western Coal	220	230
Du Pont Powder com.	137	142
Du Pont Powder pref.	86	90
E. W. Bliss com.	120	135
E. W. Bliss pref.	125	135
Empire Steel & Iron com.	12	20
Empire Steel & Iron pref.	70	75
Hudson & Manhattan com.	18	23
International Nickel com.	158	168
International Nickel pref.	93	98
International Silver com.	50	80
International Silver pref.	110	113
Int. Time Recording com.	105	135
Int. Time Recording pref.	100	105
Kings Co. E. L. & P.	122	127
Lackawana Steel	43	44½
Oil Fields of Mexico	87	92
Pacific Gas & Electric com.	56	58
Pacific Gas & Electric pref.	86	89
Phelps, Dodge & Co.	210	225
Producers Oil	140	150
Royal Baking Powder com.	185	200
Royal Baking Powder pref.	107	108
Safety Car Heating & Lighting	126	130
Sen Sen Chiclet	120	125
Singer Manufacturing	550	570
Standard Coupler com.	35	...
Texas (Oil) Company	215	225
Texas & Pacific Coal	100	105
Tri-City Railway & Light com.	22	26
Tri-City Railway & Light pref.	93	96
U. S. Express	104	110
U. S. Industrial Alcohol com.	15	20
U. S. Industrial Alcohol pref.	86	90
Union Typewriter com.	54	59
Union Typewriter 1st pref.	107	112
Union Typewriter 2d pref.	107	112
Virginian Railway	19	23
Wells Fargo Express	170	176
Western Pacific	20	25
Worthington Pump pref.	105	111

ACTIVE BONDS.

[Corrected to May 18.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	102
Amer. Steel Founderies 4s, 1923	69	72
Amer. Steel Founderies 6s, 1935	100	102
Balt. & Ohio, Southwest. Div. 3½s.	90	90½
Bethlehem Steel 5s	87	88
Chi., Burlington & Quincy Gen. 4s.	97¼	98
Chi., Burl. & Quincy Ill. Div. 4s.	98⅞	99¼
Chi., Burl. & Quincy Ill. Div. 3½s.	86¼	86¾
Cin., Hamilton & Dayton 4s	96¾	97½
Denver & Rio Grande Ref'ng 5s.	92	93
Louis. & Nashville unified 4s.	93	94
Mason City & Ft. Dodge 4s.	85	87
Norfolk & West. Divisionals 4s.	92	93
Savannah, Florida & Western 6s.	122	126
Va. Carolin Chem. 1st 5s	98	99
Western Maryland 4s	84	85
Wheeling & Lake Erie cons. 4s.	82	85
Wis. Central, Superior & Duluth 4s	90	91
Western Pacific 5s	95	95½

COAL BONDS.

[Corrected to May 18.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	80	85
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum. Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952.	95	100
Fairmount Coal 1st 5s, 1931.	94	96
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951.	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949.	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947.	95½	97½
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951.	95	97½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954.	105	107
Pleasant Val. Coal Co. 1st 5s, 1928.	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932.	85	89
Sunday Creek Co. Coll. Tr. 5s, 1944	63	67
Vandalia Coal 1st 6s, 1930.	100	...
Victor Fuel 1st 5s, 1953.	85	87
Webster Coal & Coke 1st 5s, 1942.	85	90
West End Coll. 1st 5s, 1913.	95	...

POWER COMPANY BONDS.

[Corrected to May 18.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.).	95	99
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com stk div)	75	80

	Bid.	Asked.
Guanajuato Power & El. Co. Com.	27	31
Arizona Power Co., bonds 6%, due 1933	87	91
Arizona Power Co. pref.	44	50
Arizona Power Co. Com.	23	26
Great Western Power Co. Bonds, 5%, due 1946	93	96
Western Power Co. Pref.	51	53
Western Power Co. Com.	27	30
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref. 6%	75	...
Mobile Electric Co. Com.	17	23
Amer. Power & Lt. Co. Pref., 6%	81½	83
Amer. Power & Lt. Co. Com.	46½	48

FOREIGN & MUNICIPAL BONDS.

[Corrected to May 18.]

Reported by Zimmermann & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	92½	93½
German Govt. 3s	84½	85½
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	101¼	102¼
Hessian Govt. 3½s	91½	92½
Saxony Govt. 3s	83½	84½
Hamburg Govt. 3s	82½	83½
City of Berlin 4s	100¾	101¾
City of Cologne 4s	100	101
City of Augsburg 4s	99¾	100¾
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92¼	93¼
City of Vienna 4s	96½	97½
Mexican Govt. 5s	100	101
Russian Govt. 5s	92½	93½
French Govt. Rente 3s	98½	99½
British Consols 2½s	81¼	82¼

EQUIPMENT BONDS.

[Corrected to May 18.]

Quoted by Blake & Reeves, dealers in investments securities, 34 Pine st., New York. Quotations are given in basis.

	Bid	Asked
Atl. Coast Line 4%, Mar., '17	4⅝	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4⅝	4½
Buff. & Susquehanna 5%, Aug., '17	6	5
Canadian Northern 4½%, Sept., '19	5⅛	5
Central of Georgia 4½%, July, '16.	5	4¾
Central of N. J. 4%, Apr., '13	4½	4⅜
Ches. & Ohio 4%, Oct., '16	4⅝	4⅜
Chic & Alton 4%, June, '16	5⅛	5
Chic & Alton 4½%, Nov., '18	5⅛	5
Chic., R. I. & Pac. 4½%, Feb., '17	5¼	4⅞
Del. & Hud. 4½%, July, '22	4¼	4⅛
Den. & Rio Grande 5%, Mar., '11	5¼	4⅞
Erie 4%, Dec., '11	5¼	5
Erie 4%, June, '13	5¼	5
Erie 4%, Dec., '14	5¼	4⅞
Erie 4%, Dec., '15	5¼	4⅞
Erie 4%, June, '16	5¼	4⅞
N Y Cent 5%, Nov., '11	4⅜	4⅛
N Y Cent 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¼	4⅛
Pennsylvania 4%, Nov., '14	4⅜	4⅛
Seaboard Air Line 5%, June, '11	5	4⅞
So. Ry. 4½%, Series E, June, '14	5	4⅞

BANK AND TRUST COMPANY STOCKS

[Corrected to May 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	...	180
Amer. Exchange Nat. Bk.	10	235	245
Audubon Bank	..	115	125
Bank of America	26	610	640
Bank of the Manhattan Co.	12	327	337
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	320	330
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	115	...
Bowery Bank	12	380	...
Bronx Borough Bank	..	300	...
Bronx Bank	..	210	220
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	..	140	150
Century Bank	6	160	175
Chase National Bank	6	435	...
Chatham National Bank	16	320	...
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	440	455
Citizens Central Nat. Bk.	6	157	165
City Bank	..	400	410
Coal & Iron Nat. Bank	6	150	155
Colonial Bank	10	390	...
Columbia Bank	12	320	350
Commerce Bank	..	210	215
Corn Exchange Bank	16	323	330
East River Nat. Bank	6	110	125
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4300	4500
Fifth National Bank	12	300	...
First National Bank	32	890	910
Fourteenth Street Bank	10	...	160
Fourth National Bank	8	195	200
Gallatin National Bank	14	330	350
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	450	...
Germania Bank	20	500	...
Greenwich Bank	10	250	265
Hanover National Bank	16	620	640
Importers' & Traders Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	167
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Manhattan Co.	..	330	345
Market & Fulton Nat. Bk.	12	250	260
Mechanics & Metals Nat. Bank	12	265	275
Mercantile Nat. Bank	6	150	165
Merchants Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	175	185
Metropolis Bank	..	390	410
Metropolitan Bank	8	200	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	260
Nat. Bk. of Commerce	8	209	213
Nat. Butchers & Drovers'	6	133	145
National City Bank	10	395	400
National Park Bank	16	...	440
National Reserve Bank	..	...	115
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	..	320	330
N. Y. Produce Ex. Bank	8	165	175
Night & Day Bank	..	...	230
Nineteenth Ward Bank	15	...	375
Northern Bank	6	...	100
Pacific Bank	8	230	240
Park Bank	..	460	470
People's Bank	10	260	285
Phenix National Bank	6	190	205
Plaza Bank	20	625	...
Seaboard National Bank	10	390	...
Second National Bank	12	400	...
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	10	...	190
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	350	370
Bankers' Trust Co.	16	660	690
Brooklyn Trust Co.	20	435	...
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	...	130
Central Trust Co.	45	1000	1030
Central Trust Co.	45	1000	1030
Columbia Trust Co.	8	290	300

	Div. Rate.	Bid.	Asked.
Commercial Trust Co.	..	110	125
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	490	500
Farmers' Loan & Trust Co. (par $25)	50	1750	1800
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	20	850	865
Guardian Trust Co.	..	160	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	170	...
International Bank'g Corp.	..	...	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	..	310	325
Lawyers' Mortgage Co.	12	240	250
Lawyers' Title Insurance & Trust Co.	12	280	285
Lincoln Trust Co.	..	130	150
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	535
Mutual Alliance Trust Co.	..	120	135
Nassau Trust Co.	8	175	...
National Surety Co.	8	250	260
N. Y. Life Ins. & Trust Co.	45	1100	...
N. Y. Mtg. & Security Co.	12	190	210
New York Trust Co.	32	650	670
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	390	405
Title Guar. & Trust Co.	20	500	510
Trust Co. of America	10	340	352
Union Trust Co.	50	...	1360
U. S. Mtg. & Trust Co.	24	470	485
United States Trust Co.	50	1200	1230
Van Norden Trust Co.	12	...	225
Washington Trust Co.	16	350	400
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	...	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	225
Fourth National Bank	7	172
Merchants National Bank	10	265
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	204
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127½
People's National Bank, Roxbury	6	122½
Second National Bank	10	265
South End National Bank	5	104½
State National Bank	7	182
Webster & Atlas National Bank	7	185
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	749
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	..	150	...
City National, Evanston	12	315	...
Comercial National Bank	12	220	221
Continental National Bank	8	280	282
Corn Exchange Nat. Bank	12	418	423
Drovers Deposit Nat. Bank	10	223	229
First National Bank	20	427	434
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	205	215
Hamilton National Bank	5	135	138
Live Stock Exchange Nat. Bank	10	225	228
Monroe National Bank	4	130	134
Nat. Bank of the Republic	8	199	202
National City Bank	6	200	212
National Produce Bank	..	138	141
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	109	114
Austin State Bank	10	280	...
Central Trust Co.	7	160	163
Chicago City Bank	10	174	180
Chicago Savings Bank	6	143	147
Citizens Trust Co.	..	100	111
Colonial Tr. & Sav. Bank	10	195	198
Drexel State Bank	8	150	155
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	114	116
Farwell Trust Co.	..	119	123
Hibernian Banking Assn.	8	...	215
Illinois Tr. & Sav. Bank	16-4ex.	507	511
Kasper State Bank	10	250	...
Kenwood Tr. & Sav. Bank	7	134	...
Lake View Tr. & Sav. Bk.	5	132	135
Merchants Loan & Tr. Co.	12	...	422
Metropolitan Tr. & Sav. Bk.	6	119	122
Northern Trust Co.	8	319	323
North Avenue State Bank	6	132	135
North Side State Bank	6	125	...
Northwest State Bank	..	113	115
Northwestern Tr. & Sav. Bk.	6	138	142
Oak Park Tr. & Sav. Bank	12	308	312
Peoples Stock Yards State Bank	...	198	...
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	158	...
Railway Exchange Bank	4	125	...
Security Bank	..	169	172
Sheridan Tr. & Sav. Bank	..	112	114
South Chicago Sav. Bank	6	143	146
South Side State Bank	..	130	151
State Bank of Chicago	12	336	340
State Bank, Evanston	8	278	...
Stockmen's Trust Co.	..	113	115
Stock Yards Savings Bank	6	...	215
Union Bank	..	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank	6	160	...
Western Trust	..	153	156
Woodlawn Trust	..	136	140

PROPHET AND LOSS

"Let's see, we sometimes call a man a Jonah, don't we?"

"Yes, when he brings disaster."

"That's the funny thing about it. The original Jonah was a prophet, while the modern Jonah is a loss."—*Boston Transcript.*

OLDEST NATIONAL BANK IN THE COTTON STATES—THE ATLANTA NATIONAL—INCREASES ITS CAPITAL TO A MILLION DOLLARS

LAST January the directors of the Atlanta National Bank, in the course of their annual meeting, recommended an increase of capital stock amounting to $500,000. This recommendation received

C. E. CURRIER
President Atlanta National Bank

the endorsement of the stockholders, who considered themselves lucky to get the new stock at par. The last of the new capital was paid in on April 2, and the Comptroller's approval of the certification was received April 6.

Forty-five years ago, Gen. Alfred Austell, Geo. S. Cameron, R. H. Richards, W. H. Fuller, Paul Romare and others, organized the Atlanta National Bank; General Austell became the first president and W. H. Fuller the first cashier. From that day to this, the business has prospered in a way that has been truly remarkable. As the commercial activities of the South have been developed, this institution has kept pace and has backed every movement for the upbuilding of the city whose name it bears.

The present officers and directors are: C. E. Currier, president; H. T. Inman, vice-president; G. R. Donovan, cashier, and J. S. Floyd, assistant cashier. Directors: H. T. Inman, C. E. Currier, F. E. Block, S. M. Inman, A. R. Swann, Jack J. Spalding, W. F. Winecoff, Jas. S. Floyd, Austell Thornton.

President Currier is a man of mature business experience, having been identified with the most progressive factors in the commercial development of Atlanta for twenty-five years. He began his career with the Atlanta National as cashier and for the past several years has been at its head.

Hugh T. Inman, vice-president, is one of Atlanta's most active bank officials in the pursuit of public service. While his greatest activities are as a capitalist, he finds the time for active participation in city affairs

HUGH T. INMAN
Vice-President Atlanta National Bank

as a member of the city council. In the organization of the council, he is an intelligent guardian of the public welfare and has done a great work for Atlanta in this capacity.

George R. Donovan, cashier, was elected

to that position about five years ago. He has been in business for about twenty-five years, having come to America with his parents from Cork, Ireland, when a young man. At the age of twenty-three, he entered the service of the Capital City National Bank, with which he rose to the position of assistant cashier. In the merger of the Capital City National and the Atlanta National, Mr. Donovan retained his title of assistant cashier and continued in that capacity until advanced to the cashiership in 1905. His executive ability and fidelity to the interests of the bank have materially assisted in its growth and development.

Jas. S. Floyd, assistant cashier, was born in Campbell County, Ga., and was educated at the University of Tennessee. He went to work for the Atlanta National in 1896 and his career since that time has been a series of advancements. During the five years he has served in an official capacity, he has shown a fine business grasp of the complex factors that constitute the daily

GEO. R. DONOVAN
Cashier Atlanta National Bank

routine in a large bank. At the annual meeting in January, he was made a director.

Upon the call of March 29, just one week before the increase of capital took effect, the Atlanta National made a fine statement, showing total resources of $8,149,199, loans and discounts $5,016,454, United States bonds $644,418, other stocks and bonds $288,968, banking house $694.000, real estate $65,000, safety deposit vault, furniture and fixtures $30,981, due from United States treasurer, cash on hand and due from banks $1,409,375, capital stock $500,-

JAS. S. FLOYD
Assistant Cashier Atlanta National Bank

000, surplus and undivided profits $958,319, circulation $500,000, deposits $6,190,879.

Coincident with its increase of capital, the Atlanta National is making plans to embrace the entire first floor of the Atlanta National Bank Building in its working quarters. The plans are not entirely complete and no move will be made until everything is in readiness to carry the work through in the shortest possible order, consistent with best results. This extension will give the Atlanta National one of the most modern and commodious banking rooms in the South.

A TRAVELING MOTOR BANK

A NOVEL method of banking, said to have originated in America, is to be introduced in the Brighton district of England by Messrs. Farrow, the initiators of the People's Bank. It will take the form of a motor, which is to serve as a traveling bank, circulating about in those villages which do not have banks. The chauffeur and cashier will be armed.

SAFE DEPOSIT

RENTING IDLE BOXES

By Silas W. Hatch

Mr. Silas W. Hatch has, by personally calling on the public at large and explaining every facility and advantage of safe deposit boxes, rented thousands of them.—[Ed.]

PERSONAL observation has convinced me that the institutions having safe deposit boxes for rent, as a rule, do not take the trouble to explain fully the advantages and uses of a safe deposit box. They state what a fine equipment they have and how much the safe deposit boxes rent for, but that is as far as they go.

The average man or woman does not know the first thing about a safe deposit box. He seems to think that a safe deposit vault contains a lot of boxes that any one has access to, and naturally has no confidence, because the safety has never been explained to him. When approached with the fact that no one but himself and a custodian has access to the vault, and when shown the vault construction, time lock and method of locking, showing that said vault is absolutely fire and burglar proof, a convenient place to keep stock certificates, notes, bonds, mortgages, wills, deeds, abstracts, contracts, insurance policies, jewelry, silverware, and in fact all valuables, he seems astonished.

My experience is, that there is no trouble whatever in renting boxes where their advantages are fully explained. I find it a good plan to always explain the size and rental of boxes, and draw attention to the fact that a $5 box costs practically only one and one-half cents a day, and the others proportionately.

In soliciting for various institutions throughout the country that had modern safe deposit vaults and advertised them, I have found that if each bank depositor was shown through the vaults and the advantages explained to him, there would be no trouble whatever in renting all the boxes to the bank's own customers. It is much easier to rent boxes to the bank's customers who are already familiar with the institution and its location, than to total strangers.

Some bankers seem to have the mistaken idea that safe deposit boxes appeal only to wealthy people. More boxes can be rented to the average wage-earner who has no safe, and no place to keep his valuables, and to whom said valuables mean so much. The head of practically every household would have a safe deposit box if he or she could be made to realize its safety and advantages.

Until the public is better posted on just what a modern safe deposit box really is, just so long will thousands of empty boxes remain idle, cutting off the additional income of the bankers and leaving would-be customers' valuables unprotected.

A DAY AND NIGHT SAFE DEPOSIT VENTURE THAT IS MEETING WITH SUCCESS

S. C. OSBORN & COMPANY OF SEATTLE, WASHINGTON

A BROKERAGE house and a day and night safe deposit business combined is a new combination in the financial world.

This only goes to prove that the methods of conducting business from year to year show great changes. A few years ago one would not have thought of combining the safe deposit business with general brokerage in the east, much less in a western city.

In Seattle, Wash., the first day and night safe deposit vault in the Pacific Northwest has been opened on the ground floor adjoining the entrance of Seattle's popular Arctic Club. Mr. Osborn, the owner of this institution, is probably more awake to the advantages of a safe deposit business than the average business man, due to the fact that he was caught in the Baltimore fire and then again in the San Francisco fire. In both of these cities the safe deposit vaults stood the test while the contents of ninety per cent. of the iron safes were entirely destroyed.

The Day and Night Feature.

A great many of the safe deposit vaults have been operated by the banks where they endeavor to restrict the operation of the vault to banking hours, or nearly so. When one stops to realize what a safe deposit vault is really intended for, it is very plain to see how inconvenient it would be if

one were not able to enter the vault after the average business house closes for the day or before opening time in the morning. Mr. Osborn decided to throw his vault open, not only day and night, but Sundays and holidays also, and, as he states, cater to the people instead of having the people cater to the owners of the vault. While only having opened on February 24, it has proved a very popular move, and the business has prospered from the first day. Regulation sized boxes are rented at regular rental prices, he also stores bulky articles, trunks, etc., besides doing a transient business. Quite a number of ladies who wish to deposit their jewelry after parties, theatres, etc., have taken advantage of the vault.

Mr. Osborn states that there is no question about the night feature being profitable after it is generally known that the vault is open at night. While it would not pay for more than one vault to be operated in a city of three or four hundred thousand inhabitants both day and night, he believes that it is only a question of time until all important cities will have day and night vaults, and he claims to have received a number of inquiries from different sections of the country already from owners of vaults asking for information. It should be borne in mind, however, that to operate such a vault it should be on the street level.

Description of the Vault.

This vault has been built in on the street level, and occupies the front portion of a large room, the vault setting back about twenty-five feet from the building line. Its dimensions are forty feet in length by fourteen feet six inches in width and eleven feet in height. It is constructed of concrete, reinforced with iron and steel, making it strictly fireproof. The front of the room is all plate glass, with the exception of an averaged sized store door, giving an unobstructed view of the interior of the room as well as the exterior of the vault both day and night.

The vault is fitted up with the latest equipments, having booths inside for the convenience of those who wish to examine papers, etc., and there are a large number of mirrors in the booths as well as in other portions of the vault. Not only from an artistic standpoint are they placed there, but they are useful to the attendants. This enables the attendants to see every move made by a customer while in the main vault room, even though they may be waiting on some one else at the same time. The vault is equipped with all modern alarm systems.

On entering the room from the street one first finds a grill work in front of the vault. All customers are obliged before entering the vault to sign an entrance slip. This is something that is not required by any other safe deposit company in Seattle. The vault is in charge of lady attendants both day and night, with men guards, of course, the management feeling that they could get more competent employes for the same compensation by employing ladies. It might be stated here that the vault is not left unguarded any hour of the day or night.

S. C. OSBORN

Founder of the first Day and Night Safe Deposit Business in the Pacific Northwest

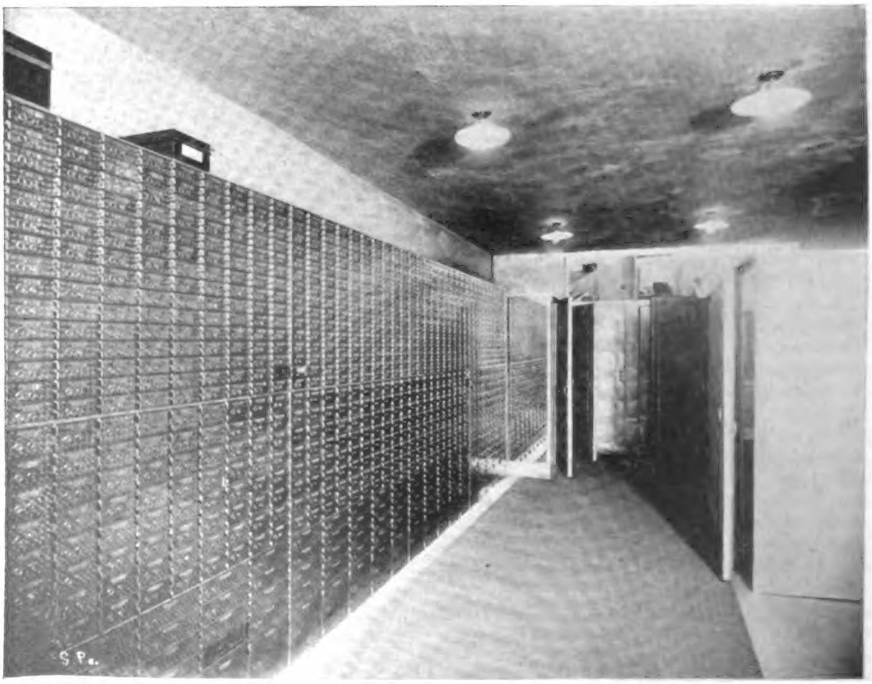
Running along beside the vault is a hallway, which leads to the brokerage department, a room about fifty-five feet in length. Here there is a complete board room, as complete as could be found in any New York office. You will find here what is called a statistics board, on which is posted daily the London market on stocks, the Liverpool market on grain, the Liverpool market on cotton, the car receipts of the different grains, cash prices, etc.

Then there is another board, called the dividend chart, that gives the names of all important stocks, the amount of dividend they pay, the date that they sell exchange, and when payable, etc. Another board shows the high and low prices at which stock has sold for the past two years and the date. In addition to these boards there are, of course, the regular quotation boards.

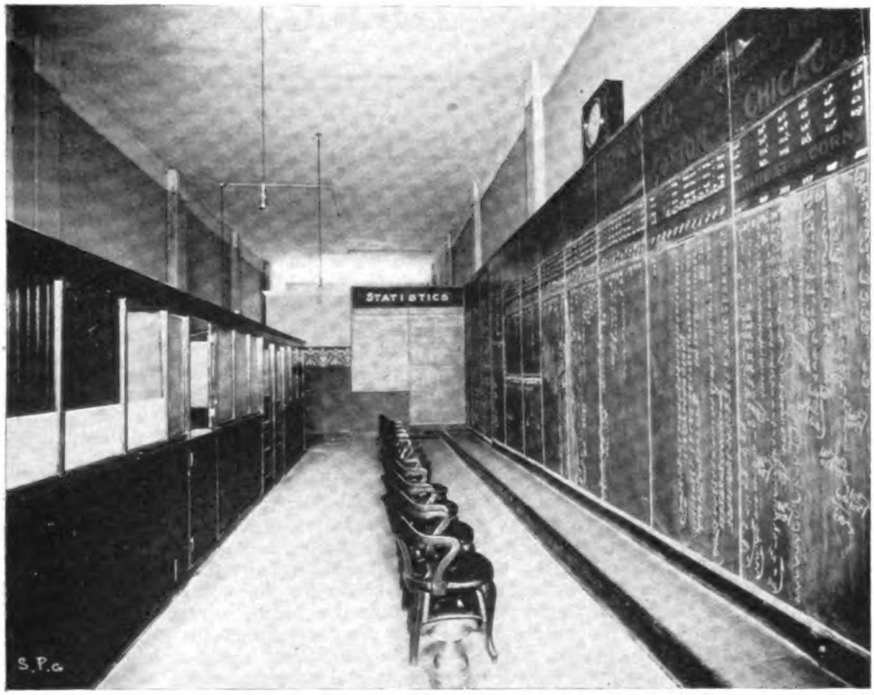
In the Telegraph Room.

S. C. Osborn & Co. maintain a private wire system and have a lease with the Western Union Telegraph Company. In case

Entrance to Seattle's Only Day and Night Safe Deposit Vault



Vault Interior. showing various sized boxes and Individual Coupon Rooms



Board Room of S. C. Osborn and Company, Seattle, Washington

the Western Union wires fail there are other emergency wires.

While over three thousand miles from New York, an order can be executed through this house on the floor of the New York Stock Exchange, when wire conditions are perfect, within three-quarters of a minute, and orders have been executed within twenty-eight seconds on the floor of the Chicago Board of Trade. On account of the difference in time offices in the West and Northwest are obliged to open at 6:30 in the morning. Their market is entirely over with on week days at twelve o'clock, excepting on Saturdays, when the market closes at nine o'clock.

In advertising, Mr. Osborn is carrying out a campaign which is said to be very successful and at all times calling attention to the many uses to which a safe deposit vault can be put. Mr. Osborn is the only New York broker in Seattle and is the correspondent of Logan & Bryan, who maintain a private wire system throughout the United States and are members of all important exchanges throughout the world.

HISTORY OF THE SEATTLE BANKS

FROM Adolph F. Linden THE BANKERS MAGAZINE has received a unique "History of the Banks of Seattle." It gives in a concise form the important items from the statements of each bank from 1890 to 1910, with comparisons showing the increase or decrease. On a specially-ruled page opposite the printed statement of each bank space is left for writing in the figures so that if desired one can keep the book up to date for the next eight years. Much valuable statistical information is given relating to the banks of Seattle, clearing-house transactions, etc.

On February 6, 1903, the Seattle banks had $1,605,000 capital, $979,000 surplus and profits, and $22,485,000 deposits. On November 16, 1909, the capital was $6,197,000, surplus and profits, $1,355,000, and deposits $77,444,000. In 1900 the bank clearings of Seattle were $130,000,000, and in 1909 they were $586,000,000.

These figures certainly indicate a remarkable growth. Mr. Linden has presented this information in an interesting and attractive form, such as will prove of permanent value for reference.

SOUTH AMERICAN TRADE OPPORTUNITIES

By George E. Walsh

AMERICAN manufacturers have never systematically cultivated foreign markets, and the charge has frequently been made that the export business was looked upon merely as a dumping ground for any surplus or goods which did not find ready acceptance in the domestic markets. Suffice it to say that the American manufacturer of to-day is vitally interested in promoting the sale of his products in foreign countries, and he is making a thorough and systematic study of conditions in Latin America. The teeming populations of the Oriental countries naturally attract the eyes of the world, and there the fight for control of the bulk of the trade will be severe and bitter. But in magnifying the possibilities of this far-Pacific commerce, the opportunities of the nearer markets should not be overlooked. Latin America has been aroused to its future possibilities, and the great number of Americans, English and Germans who have settled there have instilled into it new life and energy.

The uncertainties of government protection in the past from the small Latin American countries have had a deterrent effect upon the development of trade and commerce. Capital has been slower to invest in South America than would have been the case had more stable governments been assured. Some of the concessions to foreigners have been repudiated by new governments coming into power, and this has had its unpleasant influences. But Latin America is rapidly becoming more civilized and more amenable to international laws. With but few exceptions the countries are now well established upon a peace footing and they are forging ahead rapidly in trade and commerce. There will probably be fewer complaints in the future that foreigners do not receive proper respect and protection.

Rival or Consumer?

Another point worthy of consideration is that the impression has prevailed that South America as a whole, would become a rival of the United States in business rather than a great expanding market for our goods.

By virtue of their great natural resources the South American Republics are essentially agricultural and mining countries, and their products would come into keen competition with ours. For instance Argentine Republic exports frozen beef, tallow, frozen mutton, hides, wheat, flour, wool, oats, bran, linseed oil and hay on a large scale—the very products which the United States exports. In fact, she exported a total tonnage of all these products of 7,027,294 tons for the eight months ending the first of last September. These products were exported chiefly to Europe where in a measure they entered directly into competition with those from this country.

While it is admitted that the natural products of the soil and mines must continue to figure largely in the export trade of South America, it does not militate in any way from the equally important fact that she must consume for many decades yet an enormous amount of machinery and manufactured goods from this or other

countries. Therefore, we can view with equanimity the competition with our natural products so long as we can sell to her the products of our mills, factories and looms.

As a Market for Manufactured Goods.

The opportunities in this respect are something enormous, and England, Germany and France are not overlooking them. The South American mines must be operated by foreign machinery, the crops must be harvested and planted by agricultural implements made in the United States or abroad, and the homes of the people built by tools made in other countries. South America has not entered even in a small way upon the new industrial and manufacturing life. She imports, for the most part, all of her machinery, her tools, her household implements, her luxuries and many of the necessities. She is a free buyer of automobiles, carriages, electrical equipment, household goods, clothing, typewriters, phonographs, sewing machines, shades, and a score of other articles. We do not want her wheat, oats, hay, cattle, tallow and hides in exchange, but we are willing to take in return her coffee, her hard woods, her indigo, her spices, and many similar articles which we do not produce here.

The establishment of the International Bureau of the American Republics at Washington has in view the cultivation of more friendly relationships between Latin America and the United States and the collection of data which will help the exporters of both countries in building up a trade. The development of the commerce between North and South America has already undergone enormous strides, but it is only a tithe of what it should be. Our manufacturers have underestimated rather than overestimated the buying powers and possibilities of Latin America, and as a result a visitor to these countries south of us is surprised to find German, French and English goods on all sides, while American products have only just begun to make headway in certain sections. In Buenos Aires, in Lima, in Santiago and other leading South American cities, the tourist will find almost as much luxury and wealth as in many European capitals. The Latin Americans are free and liberal buyers. The great natural resources of their country make wealth come easy to them, and they are no niggards in spending it.

Present and Future Demand for American Goods.

Surpassed by none in the world for wealth of minerals, the South American mines were, until the last decade, indifferently worked by hand and antiquated machinery. To-day these mines are being equipped with electrical machinery, steam engines, gas engines, power pumps and compressed air drills and hoists. Within the next five years South American mines will probably buy some ten millions of dollars' worth of mine machinery, if we can base the future development upon the past. In the same time there will be a demand for agricultural and farming machinery and implements to the value of twenty millions more. The great logging camps where hard woods and dye-woods are cut will need saw-mill outfits which will easily aggregate five millions of investment. Everywhere cities are rapidly adopting electrical lighting outfits and street railway service.

Most of us forget that in Latin America proper there is a population of 73,000,000 people, and twenty republics, with a grand total commerce for 1907 of $2,100,000,000. The territory over which this population is distributed is enormous, and the natural resources almost beyond computation. The territory occupies 9,000,000 square miles, and there are two sea coasts of the most extensive nature easily reached by our ships

on the Pacific or Atlantic side. Last year our commerce with Latin America reached a grand total of $600,000,000, but this is only a trifle over one-quarter of the total commerce of the republics. But it is not in the trade of to-day, but of the future, that we are interested. In ten years our commerce with the South American countries has increased from $250,000,000 to the $600,000,000 of 1907. At this rate of progress our commerce with Latin America should reach in ten years a grand total of $1,400,000,000. Is that trade worth capturing and holding?

But we did not show the energy and system in increasing our trade in the past decade that we should in the coming decade. There was little general system in working it up and little general knowledge of its actual worth to us. We had few bureaus and agencies established to collect reliable data. The Germans and English were ahead of us. They had their agencies and bureaus already established and even their special lines of steamers. They possessed a complete working plant, while we had little more than a skeleton of one. Yet we captured over a quarter of the trade, and now with more system, more data and better all-round equipment we should steadily increase our ratio of the trade of these republics.

Expanding Trade of South American Republics.

We read much about the trade of Japan and her marvelous development but it may come as a surprise to many to learn that the foreign commerce last year of Argentina exceeded that of Japan by nearly one hundred and fifty million dollars, and Argentina is only one of twenty republics of Latin America. Then too she beat China in her foreign trade by some forty millions of dollars. With her six million of population this one little sister republic of ours carried on a foreign commerce greatly exceeding that of a nation with a population of 400,000,000. What is the lesson?—is it not that the value of a country's trade depends more upon the activity and energy of the people than upon mere numbers of people? A country that is a large exporter is also a large spender. Brazil is only slightly behind Argentina in her foreign commerce, with Chili, Mexico and Cuba coming about half-way behind. Then Uruguay and Peru have doubled their trade in recent years and are keenly alive to the rivalry of their sister republics.

But the commerce of a country must be studied in respect to its imports and exports. If these Latin American republics were only exporters and not importers they would have little real value to us. Mexico and Central America last year exported $154,359,000 of goods, and imported $158,445,000, while Cuba, Haiti and the

Dominican Republic imported $113,488,000, and exported $116,208,000 worth of goods, and the South American Republics proper imported $733,570,000 and exported $801,-445,000, making a grand total of $1,005,-503,000 imports and $1,071,955,000 exports. This shows a slight balance of $66,000,000 in favor of South and Central America. But most of her exports were sent to Europe or were of such a nature that we had to have them because we could not raise them here. Our own commerce of $600,-000,000 with the republics consisted of $320,-000,000 of imports and $280,000,000 exports. Thus we lost to the republics in trade about $40,000,000.

What South America Needs.

This balance of trade could and should be turned in our favor within a few years. What *we* need is a clearer understanding of what South America wants of us. Last year she took from us a great variety of objects, but iron and steel manufactures led all others. Next to these came our wood manufacturing products, and third our cotton made products. Then in order came carriages and other vehicles, mineral oils, leather manufactures, chemicals and drugs, agricultural implements, scientific instruments, fibre and grass manufactures, gunpowder, paper manufactures, naval stores, copper manufactures, and books. From this list one may easily get an impression of what South America needs, but undoubtedly this list could be enormously extended if many of our other products were properly introduced in the countries.

In return for these manufactured articles we took many raw products which were not produced in this country in sufficient quantities to meet the manufacturing demand. Sugar was our leading import from Latin America, with coffee a close second, and rubber third on the list. It seems like sending coals to Newcastle for us to import copper and tobacco from South America, but these two products formed a considerable item of the import trade. Likewise we imported hides, wool, iron ore and lead ore, but otherwise the trade was made up chiefly of tropical fruits, nitrate of soda, fibres of tropical plants, woods, cocoa, goat skins and dyes.

From a study of these exports and imports a manufacturer may gather a clear idea of our trade relationship with the great southern continent. We shall always be more or less dependent upon that country for our sugar and coffee, and also for rubber, nitrate of soda, tropical fruits and rare hard woods. That we should be willing to buy these products from our sister republics goes without saying, but in return we should seek to establish closer commercial relations which will increase the con-

sumption of our manufactures by the Latin Americans.

THE MANUFACTURERS' OPPORTUNITY.

We have hardly begun to make headway in these countries in the way of introducing our manufactures beyond a few leading staple articles. The trade is susceptible of indefinite expansion. But it requires the same amount of systematic study and pushing of business which the manufacturer gives to the home markets. With half as much activity our exports to South America could be doubled within a few years. Wherever our manufactured articles are properly presented they readily gain the ascendency over those from Germany and England. With the raw cotton raised at our very door we can manufacture cotton goods and ship them to the South American countries cheaper than England and Germany can buy the cotton here and make it up into merchantable material. Another phase of the subject is to be noted in our importations of crude rubber, which we manufacture into a thousand and one commercial articles and then send back to the Latin American republics. There is a good demand for these rubber articles, and we secure the profits from manufacturing them.

Of course, we have suffered a good deal in the past from this trade though inadequate shipping facilities, and improvements could be made in this respect to-day that would greatly help business. Europe has long had unexcelled facilities for direct communication with the leading South American ports by freight, mail and passenger service, and this has done much to build up its trade. We stand in a better position in respect to freight traffic than ever before, but there could be some improvement made in the passenger and mail service, both of which will come with increasing traffic and exports.

INTERNATIONAL BUREAU OF AMERICAN REPUBLICS OPENS NEW HOME

PEACE THE KEYNOTE OF THE DEDICATION DAY SPEECHES

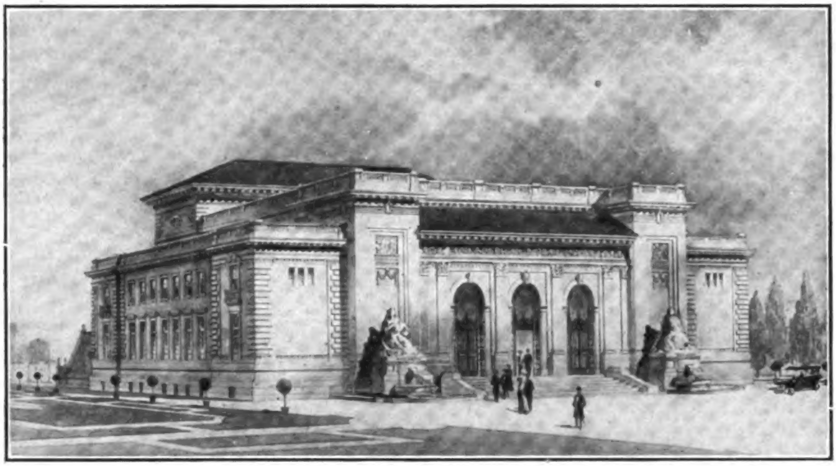
THE beautiful new home of the International Bureau of the American Republics at Washington was formally dedicated on April 26 in the presence of a most distinguished company. Just two years ago President Roosevelt laid the cornerstone of this building, which has been described by Andrew Carnegie as a "Temple of Peace, Commerce and Friendship," and which Secretary Root has called a "Capitol in the Capital of the United States of all the American Nations." The ceremonies on that occasion were most impressive and elaborate, and those of dedication day were fully in keeping with them.

The international and local appreciation of the significance of the dedication of this diplomatic palace was abundantly proved by the presence, at the exercises as participants in the programme, of the President of the United States, the Secretary of State, the Mexican Ambassador, Cardinal Gibbons, Senator Elihu Root, Andrew Carnegie, Bishop Harding, Director John Barrett, members of the Diplomatic Corps, of the Supreme Court and the Cabinet, as well as Senators and Representatives of the National Congress, high army and naval officers, and a long list of distinguished men and women.

The celebration, to which the President referred as the most important international event which Washington had witnessed in many years, was divided into two parts; in the afternoon were held the actual ceremonies attending the formal dedication.

when impressive speeches were made by eminent officials and individuals. The ceremonies were initiated by an invocation by Cardinal Gibbons, who was followed by Secretary Knox, who delivered the formal opening adress in his capacity of chairman of the Governing Board of the International Bureau of the American Republics. Director John Barrett made a statement descriptive of the building and the work of the bureau; while Albert Kelsey, of the Philadelphia firm of Kelsey & Cret, who designed the beautiful structure, told of its architectural features.

Senator Root, who was Secretary of State when Mr. Carnegie conceived the project of erecting this building, delivered an address, which was responded to by Senor Don Francisco Leon de la Barra, the Mexican Ambassador, in behalf of the Latin-American Diplomatic Corps. Mr. Carnegie delivered a characteristic address. There were readings of cable messages from the Presidents of the Latin-American republics, congratulating Mr. Carnegie and the Bureau of American Republics upon the completion of the great work, and then President Taft added his tribute in a speech of about half an hour in length.



New Home of the International Bureau of American Republics, Washington, D. C.

Just preceding the benediction by Right Reverend Bishop Harding, which concluded the afternoon exercises, occurred one of the most unique and interesting features of the programme, when President Taft and Mr. Carnegie jointly planted a "peace tree" in the patio, or court yard.

"I esteem it a great honor to the United States of America," said the President at the dedicatory exercises, "that the other twenty American republics should decide that this home of international union should be here on this soil.

"As the older sister of the other republics we take great pride in that fact. As the older sister we also are anxious that each member of the family should know that we believe in absolute equality in every member of the family. There is nothing in preference that we insist upon because of the fact that we are the older nation and for the time being can count more noses."

President Taft referred to the work that Secretaries Blaine and Root did to bring about a greater bond of friendship among the American republics. He congratulated the other American republics upon the progress they have made in the last two decades, not alone in the matter of com-

4

merce, but toward a peaceful settlement of all disputes.

"It goes without saying," he concluded, "that in the foreign policy of the United States its greatest object is peace among the American republics. We twenty-one republics cannot afford to have any two or three of us quarreling. We must stop. The organization and work of this bureau of the republics is doing much in that direction. But Mr. Carnegie and I will never be satisfied until nineteen of us can intervene by proper measures to suppress a quarrel between any two of us."

The President paid a personal tribute to John Barrett, director of the bureau, declaring that he was born for the work, and that he hoped he would live long to carry it forward.

Knox Voices American Sympathy.

Secretary Knox, in delivering the formal opening address as chairman of the governing board of the bureau, said:

"I feel that I am especially privileged in taking part in the auspicious ceremony of the dedication of the building to be devoted to the cause of peace and good will between the republics of Latin-America. It is more than a privilege, it is a duty incumbent on me to voice the sympathy of the United States in the great work which it is the mission of the International Bureau of the American Republics to accomplish, and to give renewed assurance, if such be needed, of the earnest and unselfish purpose of the government and people of the United States to do all that lies within their power toward the fulfilment of the high task set before you.

"The movement in whose confirmation we take part today has been exceptionally favored. The reason of its marvelous fertility of development is not far to seek. The soil was prepared a century ago, when the colonists of Spanish-America established free communities, from the Rio Grande to Cape Horn, following their northern brethren of the United States, and the peoples of that vast domain, from being dependents of a common motherland, became fellow workers in the building up of a scheme of kindred sovereignties. As historical eras are computed those sovereignties are yet young. It is a happy coincidence that at this very time they are commemorating the independence they won a hundred years ago."

Root Praises Home and Donor.

Senator Elihu Root, chairman ex-officio of the Governing Board, in his address, said, in part:

"The active interest of President Taft and Secretary Knox is evidence that the policy of Pan-American friendship reinaugurated by the sympathetic genius of Secretary Blaine, is continuous and permanent in the United States; and the harmony in which the members of the Governing Board have worked to this end is a good omen for the future.

"This building is said to be in its most manifest utilitarian service a convenient instrument for association and growth of mutual knowledge among the people of the different republics. The library maintained here, the books and journals accessible here, the useful and interesting publications of the bureau, the enormous correspondence carried on with seekers for knowledge about American countries, the opportunities now afforded for further growth in these activities, justify the pains and the expense.

"The building is more important, however, as the symbol, the ever-present reminder, the perpetual assertion, of unity, of common interest and purpose and hope among all the republics. This building is a confession of faith, a covenant of fraternal duty, a declaration of allegiance to an ideal."

Mr. Root closed with a beautiful tribute to Joaquin Nabuco, late ambassador from Brazil.

MEXICO'S NEW MINISTER OF FOREIGN RELATIONS

ANNOUNCEMENT was made recently of the appointment of Hon. Enrique C. Creel to be Minister of Foreign Relations in the Cabinet of President Diaz, to succeed the late Ignacio Mariscal, the distinguished statesman who had held that post for over thirty years.

Enrique C. Creel

Mr. Creel was formerly the Mexican Ambassador at Washington, and is Governor of the State of Chihuahua. He is a native of the city of Chihuahua, his father being an American from Kentucky and his mother a Mexican lady, and is in the best sense of the term a self-made man, having risen from the humblest circumstances to a position of great political eminence and becoming one of the wealthiest men in the neighboring Republic.

Mr. Creel is exensively interested in Mexican business enterprises, being the originator of the Chihuahua & Pacific Railway, and also vice-president of the Kansas City, Mexico and Orient Railway. He founded the Banco Minero of Chihuahua and also the Banco Central Mexicano of Mexico City. He was a member of the Monetary Commission which devised the gold exchange standard for Mexico, and in addition to having been Ambassador to the United States, was quite recently sent to this country as a special diplomatic representative. His appointment as Minister of Foreign Relations is a further evidence of the policy of President Diaz in selecting the ablest and strongest men in the country as his official advisers.

PAN-AMERICAN RAILWAY SYSTEM

THE Southern Railways of Brazil have come under the control of a Belgian syndicate, which is co-operating with the Interior of Uruguay Railway now under construction. When the different links of this system are completed, it has been estimated that it will be possible to go from New York to Pernambuco, Brazil, thence by rail through Brazil, Uruguay, and Argentina to Valparaiso, Chili, in about twelve days.

HONDURAS NEEDS AN AMERICAN BANK

CONSUL Samuel McClintock, of Puerto Cortes, mentioning the manner in which the commerce of the Republic of Honduras is hampered through the lack of banking facilities and of paper currency, proposes as a remedy an American bank. He says:

There would seem to be an excellent opportunity to establish a branch of a good American banking house in Honduras. The country has a population of 600,000 or 700,000 inhabitants, and is greatly in need of capital and population to develop its latent wealth. It is rich in deposits of gold, silver, and copper; in forests of mahogany, cedar, pine, and other valuable woods; in bananas, sugar cane, tobacco, corn, rice, and other vegetable products; and in its capacity, as a cattle country, to supply meat and hides cheaply.

During 1908 Honduras imported from the United States $1,946,838 worth of goods, and exported thither $1,540,780 worth. The only bank is the Bank of Honduras, at Tegucigalpa, with a branch at San Pedro Sula, and having a paid-up capital of 417,500 pesos. The bank does little more than a loan business, charging one to two per cent. per month. It buys little commercial paper, and sells almost no exchange, having insufficient connections in other countries. Its dividends average twelve per cent. per annum, and a large surplus has also been laid aside in addition to this.

Merchants not being able to get paper discounted easily are driven to the purchase of foreign exchange through mining and other companies, sometimes having to pay for a 30-day draft a premium of 270, while remittances within the country cost an av-

erage of three per cent. through commercial houses, or the money itself often has to be sent overland.

The Government, aware of the desirability of providing better facilities for transacting business, granted in 1908 a very liberal concession to a firm seeking banking privileges here. Owing, however, to some disagreement as to the guarantee deposit the matter is now pending.

It is probable that $5,000,000 of American money is invested in Honduras today. The country is only three days from New Orleans and fully seventy-five per cent. of its foreign trade is with the United States. Nearly all the work being done in developing the country is being carried on by Americans. Only a good American bank is needed to bind this market to Americans completely.

THE NEW FRANCO-ITALIAN BANK

FOR some time past it has been mentioned that a new Franco-Italian bank would be established in South America. It is well known that the relations between Italy and that Continent are exceptionally close, owing to the large number of emigrants who annually go to the newer country. Many of these new inhabitants have prospered considerably with the development of the country, and may naturally afford a good field for the business of an Italian bank. It has accordingly been determined to establish an institution for this purpose with a capital of twenty-five million francs, and M. Noetzlin is to be be president. The chief supporters of the scheme are the Banque de Paris et des Pays Bas and the Banca Commerciale Italiana.—*London Bankers' Magazine.*

MEXICAN NOTES

—Recently the Descuento Espanol (Spanish Discount Bank) held its annual meeting in Mexico City, and reported the profits of the past year as $1,053,031.14. Of this sum $105,303.11 went to the reserve fund, $42,121.25 to the board of administration, $720,000 to shareholders, and $100,000 to future contingent fund, leaving $35,606.73 over to 1910. The balance-sheet represented a total of $37,866,499.57.

—E. N. Brown, president of the National Railways of Mexico, has been elected to the board of the National Bank of Mexico, Mexico City. He is the first American to be placed on the board. The bank has a capital stock of $20,000,000 Mexican of which $8,000,000 is paid up.

—George J. McCarthy has assumed the office of president of the Mercantile Banking Company of Mexico City, succeeding A. H. McKay. The following officers were elected at the annual meeting:

Geo. J. McCarthy, president; K. M. VanZandt., Jr., vice-president and manager; H. C. Head, cashier; Shur Welch, assistant cashier.

At the meeting of the shareholders the reports of the directors and comisario, and the balance sheets published for the year 1909 were approved. The report showed that $40,000 in dividends was paid to the shareholders last year and that $25,000 was added to the reserve fund.

—Net profits of the Banco Internacional é Hipotecario de Mexico for the year 1909 amounted to $524,335.94, on which a dividend of eleven per cent. was declared. The movement of check, deposit and current accounts, alone during the year amounted to $125,137,750.30 or some thirty millions more than in 1908. The cash movement during the year amounted to $156,437,119.24. The existing mortgages amount to $17,328,530.28 and all the other accounts show a steadily increasing movement.

From the profits of the year $65,000 were placed to the reserve fund; $22,791.14 to the 1910 account and $5,111.21 to the provision

fund. There were no losses during the year of any description.

Following are the directors elected at the annual meeting: Richard Honey, Emilio Pardo, Porfirio Diaz, Jr., Andres Aldascoro, Thomas P. Honey, J. I. Limantour, H. E. Brooks, J. M. Cervantes, Mialmes and J. V. Burgos.

J. R. Carral and Thomas Pratt were reelected as Comisarios and M. Tabera Azcarate and Francisco Gomez Perez as Inspectores de Votacion.

The International and Mortgage Bank is one of the oldest government chartered banks in Mexico, having been founded in 1882.

—The Mexican railway concession in the State of Sonora is held by the Arizona and Gulf Railroad Company. Changes in the concession include dock-construction privileges at Port Lobos, on the Gulf of California.

—Two new banks, one German, the other French, will be established in Torreon in a short time.

For some weeks the members of the German colony in Torreon have been in communication with officers of the great Sud-Americanishe bank, operating throughout Latin-America with a branch in Mexico City. The mother bank is in Dresden, Germany, with a working capital alone of $600,000,000, the richest bank operating on the western continent.

The Torreon branch of this bank will deal only with the owners of cotton and other plantations in the raising and disposition of the products. It is said that operations will begin with a fund of between $4,000,000 and $5,000,000, which will be loaned to hacendados of this comarca.

The manager of this institution will be Mr. Hahn, a German banker, who is expected to arrive soon from the City of Mexico.

The other bank will be a branch of a powerful French concern which is already operating in Mexico City.

—The Banco de la Laguna of Torreon has decided to make another assessment of ten dollars per share of the capital stock of the bank, which means that $600,000 more working capital will soon be placed at the disposal of the bank's clients and assist in the gathering of the immense cotton crops which are anticipated. It is said that this assessment will soon be followed by a similar one.

The additional assessment of ten per cent. will add $600,000 to the paid up capital, making $4,200,000 paid up and leaving but $1,200,000 of the entire capital unpaid.

—Work is well under way on the construction of a modern bank building for the Banco de Guanajuato, S. A., of Guanajuato. It is to be of brick and stone, three stories high, and will cost in the neighborhood of $100,000. The bank, which is capitalized for $3,000,000, recently reported a reserve fund of $158,163 and total resources of $7,866,185.

—The Banco Mercantil de Monterey, Monterey, Neuvo Leon, reports deposits of $2,219,238. It is capitalized for $2,500,000.

AMERICAN CAPITAL AND COMMERCE IN THE LEVANT

According to the *Egyptian Gazette*, "Egypt is to be among the countries which are to be the centres of a great American banking combine on a scale never before attempted by United States capitalists." In sending this item, Consul-General G. Bie Ravndal, of Beirut, says: "In New York has been formed the Ottoman-American Development Company, with similar financial strength back of it, and it is believed that American capital and machinery will be welcomed and find ample employment in the development of the Ottoman Empire under the new régime."

TWO SOUTHERN BANKS CONSOLIDATE

THE owners of the Citizens National Bank of Raleigh, N. C., have recently acquired the Raleigh Savings Bank—an institution with a capital of $15,000, a surplus of $60,000 and deposits of $775,000.

The Citizens National Bank has a capital of $100,000, surplus and profits $200,000, and deposits $1,000,000. It has grown steadily, notwithstanding it has never paid interest on deposits in any way. The Raleigh Savings Bank will hereafter serve as its savings department.

The two banks will be conducted separately in their respective banking houses as heretofore, but will be tied together after the manner of the First National Bank of Chicago and its First Savings and Trust Company; so that the ownership will be identical and their interests inseparable.

Jos. G. Brown, the president of the Citizens National Bank, has become a director and the active vice-president of the Raleigh Savings Bank. John T. Pullen continues as president and Charles Root as cashier of the savings bank. Col. A. B. Andrews, first vice-president of the Southern Railway, is vice-president and Henry E. Litchford is cashier of the Citizens National Bank.

The combined resources of the two institutions, at their last statement, were $2,280,000. The capital stock of the Citizens National will be increased to $300,000—with a surplus $160,000—and the capital stock of the Raleigh Savings Bank will be increased to $100,000, and its name changed to the Raleigh Savings Bank and Trust Company

Out of the $200,000 of surplus, the Citizens National Bank will pay to its original stockholders a cash dividend of $150,000, and sell to them $100,000 of the new stock at $150 per share. This will make its capital $200,000 and surplus $100,000. It offered to the public, through a circular letter $100,000 additional stock at $160 per share.

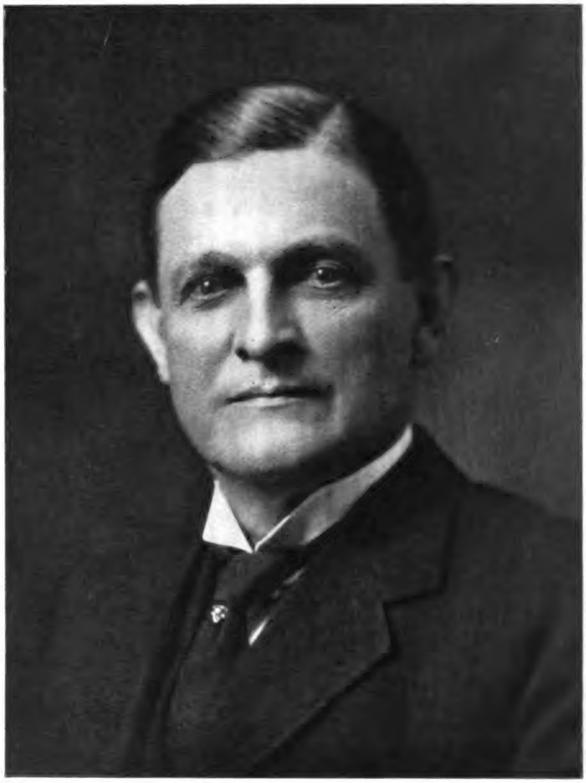


PHOTO BY LIPPINCOTT, N. Y.

JOSEPH G. BROWN

President Citizens National Bank and Vice-President Raleigh Savings Bank and Trust Company, Raleigh, N. C.

Within ten days after this letter was mailed subscriptions for stock were received to the amount of $160,101—or 1601 shares—which at $160 per share means $256,160 in cash. The right was reserved to distribute the stock among the subscribers according to the best judgment of the committee and this will be done.

Both of these banks have enviable records. Both have been money-makers, and good dividend-payers. Both have been noted for their conservatism, and at the same time for their disposition to encourage every legitimate business enterprise in their section. By this course they have won the confidence of the community as indicated by the large oversubscription to their new stock.

The Citizens National has confined itself to commercial banking, never having been lured into stock dealing or into speculative business of any kind. The Raleigh Savings Bank has done a strictly savings business. This union of interests should prove a good thing for both banks, as the prestige, character and strength of each stands back of the other, and their enlarged facilities put them in position, not only to care for the needs of their old patrons but to take on new business.

The Citizens National Bank, with its unique emblem, the Swastika in a triangle, is widely known throughout the country, its president, Jos. G. Brown, having been for many years an active member of the American Bankers' Association, and for three terms a member of its executive council.

C. H. HUTTIG
President Third National Bank, St. Louis; Newly-Elected Member Executive Council American Bankers' Association

SPRING MEETING OF THE EXECUTIVE COUNCIL OF THE AMERICAN BANKERS' ASSOCIATION

ATLANTIC CITY was the meeting place chosen for the 1910 meeting of the executive council and the days were the third and fourth of May.

The vacancy in the council caused by the removal of J. Fletcher Farrell from Missouri to Illinois was filled by the election of Charles H. Huttig, president of the Third National Bank of St. Louis, Mo.

L. T. Peck, cashier of the First National Bank, Honolulu, Hawaii, was elected to fill the vacancy of vice-president for that territory.

James F. Sawyer, president Battery Park Bank of Asheville, N. C., was elected to fill the vacancy of vice-president for North Carolina.

Fred A. Irish, cashier of the First National Bank of Fargo, N. D., was elected to fill the vacancy of vice-president for North Dakota.

A committee was appointed to look into the matter of revising the constitution with reference to standing committees and to committees in general as to limitation of their time of duration and their appointment and made a report before adjournment of the council. Their recommendations will be submitted to the meeting of the next annual convention.

NEW COUNTERFEIT $5 SILVER CERTIFICATE (INDIAN HEAD)

SERIES of 1899; check letter "D"; face plate number omitted; back plate number 684; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States.

This counterfeit is a fairly deceptive photomechanical production printed on bond paper of good quality. A few pen and ink lines have been made to imitate the silk fiber of the genuine paper. The blue seal and large numeral, face of note, are well made and are of good color. The lathe work and lettering are poorly executed. The script lettering over which the seal is printed is very distinct in the genuine while in this counterfeit it is either omitted entirely or is so faint that it can not be read. The back of the note is more deceptive than the face.

W. H. MORAN, Acting Chief.

AMERICAN INSTITUTE OF BANKING

BOYS HOLD LAST MEETING OF THE SEASON AND ELECT NEW OFFICERS

SEATTLE Chapter's season for 1909-10 came to a close with the chapter smoker and annual meeting held in the Elk's Club Rooms, April 19. It was the big meeting of the year and nearly the entire membership of the chapter was present. Retiring president, Benjamin Pettitt, presided.

right to vote and hold office, while the other gave to junior and senior officials alike all privileges of active members, but made it inelligible for any of them to hold office, serve on committees, or be elected delegate to a national convention of the American Institute of Banking. The latter, eliminating bank officials from active membership in the chapter was moved for adoption by George R. Martin, who led the contest on the floor, and it was adopted by a large vote.

PRESIDENT-ELECT CRAWFORD AND COMMITTEE WHICH DREW UP SEATTLE CHAPTER'S NEW CONSTITUTION

George R. Martin of the Seattle National Bank

President-Elect, Seattle Chapter, William Crawford of the National Bank of Commerce

J. C. Norman of Dexter Horton & Co.

Quite a little interest was shown in the annual reports of chairmen of the different committees, especially that of Treasurer Kahlke, which showed the largest balance in the treasury ever reported at an annual meeting of the chapter. This was due to the generosity of the Seattle clearing-house committee, which voted to the chapter the balance left over from the Seattle convention of last year.

An important feature of the meeting, was the report of the committee, composed of William Crawford of the National Bank of Commerce, George R. Martin of the Seattle National Bank and J. C. Norman of Dexter Horton and Company, appointed last November by vote of the chapter, to draw up a new constitution. At the March meeting of the chapter the committee filed with the secretary, two constitutions both identical in every respect, with the exception that one granted to junior bank officials all the privileges of the floor and the

The election to the presidency of the chapter provoked an exceedingly spirited though friendly contest. William Crawford was elected over J. C. Norman, who was afterwards elected to the board of governors. Both will be delegates to the Chattanooga convention, Crawford as delegate-at-large.

Crawford is one of the most popular men in the chapter, a tireless worker, fearless, and a splendid presiding officer. He is manager, of the savings department of the National Bank of Commerce. In all the banks of the city, a spirit of co-operation is manifest and a healthy, vigorous organization is predicted for the chapter next year. The other officers were elected without opposition. They are: vice-president, Edward G. Norris, Scan-American Bank; secretary,

J. C. Glass, Bank of California; treasurer, Raymond C. Hazen, Washington Trust Company. Members of the board of governors: Arthur T. Drew, American Savings Bank & Trust Company; Richard H. Edelen, Northwest Trust and Safe Deposit Company; John McDonald, First National Bank; Joseph Newberger, Puget Sound National Bank, and J. C. Norman, Dexter, Horton and Company.

ALL ABOARD FOR CHATTANOOGA

Everything in Readiness for the 1910 Convention —Committees Have Completed Their Work —A Program of Exceptional Strength and Variety

PROMPTLY at 10 o'clock A. M., on Wednesday the eighth day of June, the 1910 convention of the American Institute of Banking will be called to order in the convention hall of the Hotel Patten. After the invocation by Rev. Dr. Bachman of Chattanooga, Mayor Thompson of the same city will welcome the assembled delegates. The response on behalf of the convention will be made by the president. The convention will then turn to business, including the announcement of committees, the report of the executive council, and the introduction of new business. Mr. Burns of the Burns and Sheridan Detective Agency, the official agency of the American Bankers' Association, will probably speak at the session, giving some of his very interesting experiences in running to earth many of the clever crooks that have deceived bank men in the past.

Mr. Burns's address will be followed by a paper dealing with some phase of a bank clerk's experiences. The convention will then adjourn for luncheon, after which, at 2.30, the delegates and guests will be taken by automobile to Missionary Ridge and the famous battlefield, stopping on the return at the Country Club for refreshments and dancing in the evening.

Thursday, at 10 A. M., the second session will be opened with invocation by Rev. Dr. Mason of Chattanooga. Hon. Edward B. Vreeland, member of Congress and vice-chairman of the National Monetary Commission, will deliver an address on the currency question. An address will also be delivered by F. O. Watts, president of the First National Bank of Nashville and vice-president of the American Bankers' Association. The winning papers in the central bank contest and in the Canadian banking system contest will be read at this session. During the afternoon session of this day will occur the symposium on bank work under the direction of Raymond B. Cox of Baltimore. This will also include the winning paper in the clearing-house contest.

Thursday evening, at 8 P. M., the Chapman prize contest will be held, and from the list of entries it is sure to be an interesting session. Rev. Dr. Boswell will open the third session on Friday, to be followed by an address by Editor Seely of the "Georgian" of Augusta, Georgia.

The annual reports of the officers and committees will then be heard and the election of officers and councilmen for the ensuing year will close the official sessions of the convention.

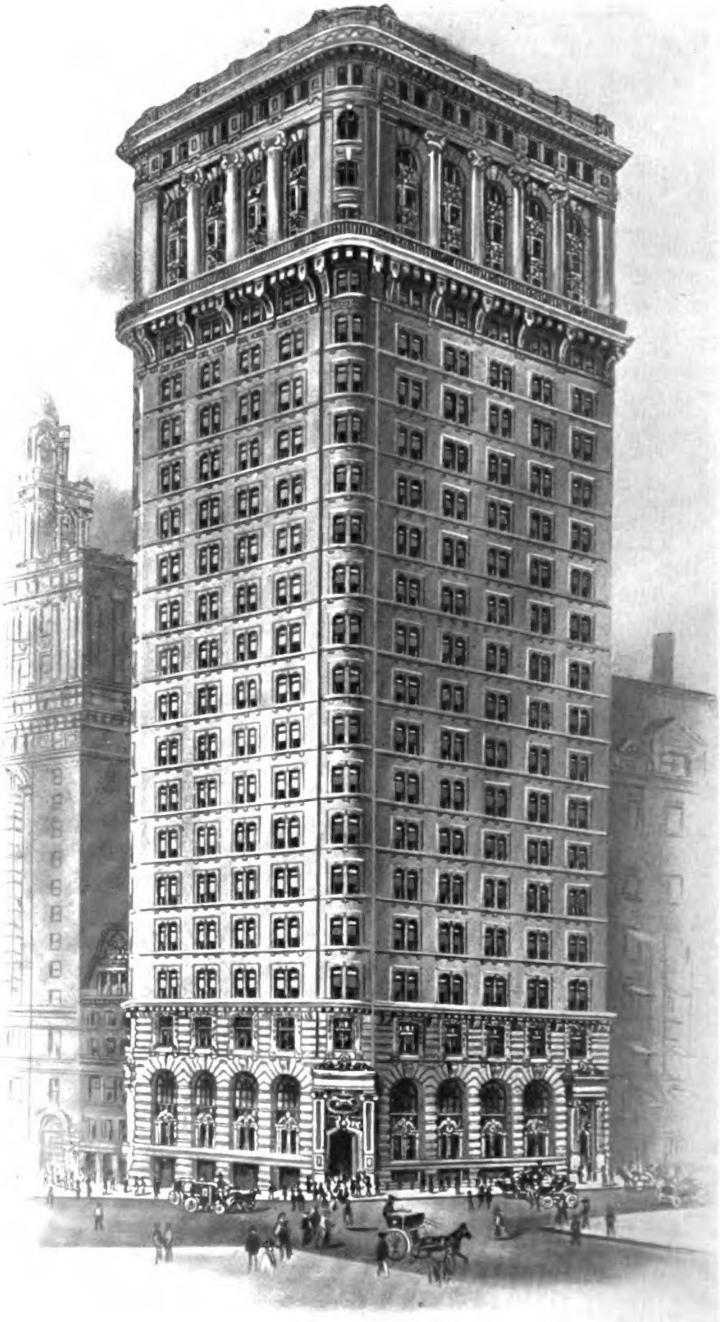
At 7 P. M. a start will be made for the famous Lookout Mountain, where the delegates can see the field of battle above the clouds and one of the most beautiful views in the world. In the evening an informal reception will be held at the Hotel Patten where music and speakers will be alternated in pleasant variety and a buffet supper served. Among the speakers will be Chas. M. Preston of Chattanooga, F. E. Farnsworth, general secretary of the American Bankers' Association, R. C. Wilson of Chicago, Senator Robert Taylor of Tennessee, and others. The speakers mentioned in the course of the above review have all consented to speak but are tentatively inserted and subject to rearrangement according to the best judgment of the program committee. The ladies are not to be forgotten and especial features are provided for their benefit while the convention is in session. The attendance of the ladies has steadily increased at past conventions and the prospects are that a larger number will attend this year than ever before. During the long session on Thursday they will be taken by auto to the Country Club for luncheon and driven through the beautiful residence section of Chattanooga.

SALT LAKE CHAPTER DEBATES CENTRAL BANK QUESTION

ONE of the features of the April 21st meeting of Salt Lake Chapter was a debate on the central bank proposition. The affirmative was handled by M. A. Miller, Wm. McEwand and Q. B. Kelly, and the negative by A. C. String and Chas. R. Mabey (J. R. Parrish, the third negative speaker could not appear).

The judges were Messrs. Ray Van Cott, Oscar Moyle (local attorneys) and C. C. Friel, cashier Utah Banking Company., at Lehi; and while praising both sides for the admirable way in which the debate was handled, they rendered a decision in favor of the negative.

At this same meeting delegates were elected to represent the Chapter at the Chattanooga Convention, June 8-9-10, as follows: Q. B. Kelly, T. W. Ball, the president and secretary respectively, and alternates, R. Q. Cannon, George H. Horrne, and Al. Moreton.



Hanover National Bank Building

HANOVER NATIONAL BANK CHANGES

CONSEQUENT upon the death of James T. Woodward, president of the Hanover National Bank of New York some changes have taken place recently in the officers of that institution. Mr. Woodward's death occurred on April 10. He had been president of the bank since 1877, and under the management of himself and the associates selected largely by his sound judgment of men, the deposits grew from $6,000,000 to about $100,000,000. and the reserves were steadily strengthened. This record was made without the slightest departure from the highest principles of banking. Mr. Woodward not only successfully and safely managed his own bank, but was a director in a number of other important financial institutions, and as an official of the clearing-house association had a large share in shaping the policy of the New York banks, particularly in times of stress. He was chairman of the clearing-house committee in the panic of 1907, in which position he rendered great service by his wise counsels and by bringing the resources of his bank to the support of the general situation. The Hanover Bank building stands a monument to him.

James M. Donald, formerly vice-president, and associated with the Hanover National Bank for thirty-seven years, now becomes chairman of the board of directors.

Mr. Donald was born in New York in 1854, of Scotch ancestry. He completed his education at the College of the City of New York, and on February 23, 1873, became a clerk in the Hanover National Bank. In 1881 he was elected assistant cashier, and at the age of twenty-eight he became cashier in May, 1882. In 1895 he was elected vice-president, making a record for ability and application to duty that has won for him an enviable place in the banking world.

He was one of the organizers of the New York State Bankers' Association, and was instrumental in perfecting the group system of organization. He has also served as a member of the executive council of the American Bankers' Association.

Mr. Woodward is succeeded in the presidency of the Hanover National Bank by his nephew, William Woodward, who has been a vice-president of the bank for six years. The new president is a graduate of Harvard University and of the Harvard Law School and was admitted to the bar, but never practiced. He is only thirty-four years of age. For a time he was private secretary to Hon. Joseph H. Choate, then American Ambassador at the Court of St. James.

Other changes in the official arrangements of the bank besides those already noted are that E. Hayward Ferry becomes first vice-president, and Henry R. Carse, second vice-president and director. Edwin G. Merrill, president of the Union Trust Co., also becomes a director.

The list of officers of the Hanover National Bank is therefore now as follows:

Chairman of the board of directors, James M. Donald; president, William Woodward; first vice-president, E. Hayward Ferry; second vice-president, Henry R. Carse; cashier, Elmer E. Whittaker; assistant cashiers, William I. Lighthipe, Alexander D. Cambell, Charles H. Hampton, J. Nieman and William Donald. Directors: Vernon H. Brown, Cunard Steamship Company; William Barbour, president of The Linen Thread Company; J. William Clark, treasurer Clark Thread Company, Newark, N. J.; James F. Fargo, vice-president and treasurer American Express Company; William Halls, Jr., Summit, N. J.; William de F. Haynes, of Lawrence & Co., dry goods commission; Arthur Curtiss James, vice-president Phelps, Dodge & Co., Inc., metals; Charles H. Marshall, chairman Liverpool & London & Globe Insurance Company; Edwin G. Merrill, president Union Trust Company; Cord Meyer, merchant; Samuel T. Peters, of William & Peters, coal merchants; John S. Phipps; William Rockefeller; Elijah P. Smith, of Woodward, Baldwin & Co., dry goods commission (cottons); James Stillman, of Woodward & Stillman, merchants; Isidor Straus, of L. Straus & Sons, importers of china and glassware; James N. Wallace, president Central Trust Company of New York; James M. Donald, chairman of the board; William Woodward, president; E. Hayward Ferry, first vice-president; Henry R. Carse, second vice-president.

A statement of the bank's condition at the date of the last report to the comptroller of the currency showed:

RESOURCES.

Loans and discounts	$53,269,061.57
Overdrafts	9,898.77
United States bonds	1,362,000.00
Bonds, securities, etc.	11,540,362.75
Banking house	5,343,000.00
Due from banks and bankers	3,120,897.12
Checks, exchanges and cash items	22,676,515.83
Specie and legal tenders	19,751,376.80
Redemption fund and due from U. S. treasurer	222,000.00
Total	$117,295,203.43

LIABILITIES.

Capital stock paid in	$3,000,000.00
Surplus and undivided profits	11,581,086.74
National bank notes outstanding	1,200,000.00
Dividends unpaid	2,142.00
Individual deposits	42,668,925.52
Due banks and bankers	58,428,049.17
United States deposits	150,000.00
Bonds borrowed	265,000.00
Total	$117,295,203.43

As will be seen, the Hanover National has capital, surplus and profits aggregating $14,581,086.74, giving it a strong capital equipment and adding to the bank's efficiency in serving its local depositors and correspondents.

This bank has grown steadily and surely, upon foundations wisely laid and carefully maintained, until its resources now exceed one hundred million dollars. In character, policy and management it represents the best traditions of American banking.

BANK FOR WOMEN ONLY

OVER in London a bank has been opened officered and conducted exclusively by women and catering only to women customers. The only man permitted on the premises is a messenger, and one of his functions is to keep other men away. No man may be a depositor or transact business with the new institution.

The bank opened with between 400 and 500 clients, ranging from the owners of small business establishments to members of society.

ECCENTRIC WAYS IN WHICH MONEY HAS BEEN SAVED FOR RAINY DAYS

THERE are lots of ways of saving money. There is a pair of girl artists here in town who live together in a studio. When they get money they have it converted into silver, and then they stand in the middle of the room and throw it in every direction. From that time on when they need a piece of change they have to root for it. One may imagine the sort of housekeeping that studio gets.

And there is a magazine writer here who gets his money in bills and then pins the bills up on the walls of his room with thumb tacks. When he wants some cash he tears off a bill. His method has the advantage of keeping him instantly informed as to the state of his cash account. In this respect it is better than the scheme evolved by another of the artistic colony. He gets his money in bills and tucks them away in the various books which comprise his library. As he usually does this squirrel act when he is at least partly pifflicated, the subsequent search often becomes intensely interesting.

Not long ago a friend happened in on him. He was sitting in the middle of the floor surrounded by piles of opened books. He looked up, beaming. "This is a most interesting problem in practical psychology," said he. "There are only two books left in the case—'The Pilgrim's Progress' and 'Moll Flanders.' I know there is a bill in one of them—and I am now trying to reconstruct the frame of mind in which I was when I hid it away."—*New York Letter in Cincinnati Times-Star.*

CANADA AND THE TARIFF DILEMMA

IF the framers of the present tariff had redeemed the pledge of "revision downward," and if they had made the minimum scale of duties reasonably low in fact, no trouble and no dilemma would have arisen in our relation with Canada. As things stand, our neighbors and excellent customers of the Dominion, who are not at all ignorant of the origin and nature of the Aldrich-Payne act, have given the administration a hard nut to crack.

The tariff commissioners that visited Ottawa to negotiate found the Canadian Government friendly and cordial in the extreme in a personal way, but rigid and unyielding as to "business." The Ottawa negotiators do not admit that they are "unduly" discriminating against us; they do not think that our so-called minimum tariff—the Dingley tariff slightly changed and renamed—calls for special concessions on their part; they do not see how we can consistently ask them to give us in return for that so-called minimum tariff the special rates they give to France and other countries under reciprocity treaties which insure equivalent reductions. They appeal to our own precedents and practices under the limited reciprocity provisions of the McKinley law. They are cruel enough to quote the statements of our own secretaries and party organs to prove that general tariffs are one thing and special reciprocal bargains a very different thing.

Yet our new act is based on the standpat theory that the minimum tariff is a boon for which other nations ought to pay liberally, in the shape of favored nation treatment and handsome reductions of their general rates of duty. The President has no discretion except in so far as it is left to his judgment to determine whether an alleged discrimination by any foreign country is "undue" or slight and trifling. Will he feel himself constrained to decide against Canada and to punish her by clapping on the extra twenty-five per cent. on her dutiable exports to our market?

That would be a painful and disastrous thing to do. Canada would retaliate, commercial war would ensue, the friendly sentiments would evaporate, and—we should lose a good deal of trade. Canada buys of us $2 worth for every $1 worth we purchase of her. The total trade exceeds $270,000,000. How would our manufacturers, merchants and workmen enjoy a war imperiling a good part of this commerce?—*Chicago Record-Herald.*

THE APPEAL TO HUMAN INTEREST

THE STORY OF A CHANGE IN COPY AND TO WHAT IT LED

By B. C. Bean

I

"THE barred window has always been the symbol of banking."

The president paused with an air of finality that seemed to preclude all discussion.

"It doesn't stand to reason that the bankers of a thousand years have been mistaken," he continued. "Protection has always been the strong point of the bank. On the outside stands the public ready to deceive, rob—yes, even commit any crime, toward one end—to get money. On the inside stands the banker—custodian of the world's wealth. Consider with great care, what a bank is and what a banker must be. A bank is a stronghold against men who would misappropriate. The banker is the keeper of that stronghold. He has the same temptation as every one to dissipate money; more, if anything, for he constantly sees the power that money gives. Yet he keeps it intact—bids it yield—and returns both principal and yield to the original owner.

"The banker must protect—with the barred window—the onslaught of the criminal. This has been ever the function of banking and will continue to be."

When the president of the Third National addressed the bi-weekly meetings of the officers and employes of that institution, it was with an air of conclusiveness and final settlement. These meetings originally had been called for the purpose of getting the men better acquainted, and to get the parts of the organization moving, each with each, still more smoothly. This plan had worked—up to a certain point. The staff had shown the tendency to gather in cliques, such as marked their private life, though there was a manifest air of good fellowship in the men's relations to one another which had not been present before. Efficiency and growth seemed to be slightly on the gain.

The meetings, however, had started to deteriorate generally, for the reason that the routine work of the institution afforded little or no chance for discussion. Methods and systems of the Third National were the outgrowth of years upon years of successful accounting. There was never an excess of system nor a farrago of red tape. Every labor-saving device had been tried out, and those proving valuable adopted. Then, too, there was nothing about the clerical work of the bank to arouse very great enthusiasm or discussion among the workers. Their tasks satisfactorily done, their positions were secure; and the peaceful sea makes not the skilled pilot.

So the meetings had degenerated into social and handshaking sessions. The president, who had observed life at many angles and was a most pleasing talker, in addition to being a shrewd observer, always spoke at length. And as one of the tellers facetiously remarked, "After the president has spoken, it's about all said." So, quite in the nature of things, the president's pertinent observations had come to be the main feature of the meetings. It remained for the minor followers on the informal programme to trail and take some pregnant thought of the president's and elucidate it. To-day this was done. It was a typical meeting and the men went back to their various duties with the satisfaction of the gregarious instinct inherent in all mankind.

II

With the advent of Weston as an attaché of the banking staff, it was rumored that the old-style meeting might be changed. For Weston had won his spurs in the far-reaching advertising campaigns of the Consolidated National in an Eastern city, and it was common rumor that it was through ideas of his own that he had built business in the past.

So when the customary meeting had been announced and Weston's name was among the head-liners who were to participate in the discussion, all were alert to see if there would be a clash between the older conservatism which holds for things as they are, and the younger enthusiasm which pushes forward into untried paths.

The speech of the president was a summary of the various talks that he had been giving in the last year. It brought together in concise form the traditional policies which had governed the institution, the fact that conservatism had been the choice whenever there was any doubt, and intimated that while new methods would be welcomed in any department—more particularly the department of advertising—yet there must be a sound reason back of every

A Strong Full Page

change in the dignified and sober publicity which had marked the past.

Weston's few words were those of the man not cock-sure that miracles could be performed by means of advertising. It required work, study, and most of all, co-operation—the willing co-operation of all, to assure success.

III

Weston's initial advertising layout had been held up by what the irreverent teller called "the powers that be,—above." Weston had retained the old advertisements, running them for a couple of weeks, while he spent much of his time studying the local field. In the bank, he kept busy with a writer and artist, preparing material for a specific campaign. Once sure of his basis—the distinctive features that he had to advertise—he knew that financial advertising, unlike ordinary commercial advertising, could be prepared for a year ahead and not

suffer from lack of spontaneity or newness. The backbone of the campaign was to be the advertisements in the local papers—for in this city the papers had an unusually potent appeal. Backing up and reinforcing each advertisement, personal and circular letters, and folders and pamphlets, were planned and prepared, playing up the same talking points which were drawn to the attention of the public in the newspapers. By making a three-medium attack on the prospective depositor, having the booklet reinforce the advertisement and the letter reinforce the two, he was satisfied that the appeal would be greatly strengthened and intensified.

So Weston prepared his advertising matter ahead with a view of retiring the time-worn standbys, and putting the bright and appealing in their place. He also figured his defensive points, in case he were called upon to demonstrate the reason for both the changes and the new. As a consequence, when the entire series of advertising matter was held up by the "powers that be,—above," he was not unprepared.

The first advertisement that Weston had slated for retirement proved to be one of the president's pets. It had been the custom—which custom had been initiated by the president himself—to announce a week or so before the first of January and of June, that savings deposits, received during the first ten business days of the month, would draw interest from the first day. It was the proposed retirement of these advertisements—this action counter to an old and established custom—that had drawn the fire of the officials and had resulted in an immediate order to Weston to bring all his advertising matter in for consideration, approval, and O. K. before running.

Weston was fully aware of the difference between commercial and banking customs. In many commercial institutions, this would have been equivalent to a request for his resignation. His banking experience, however, had given him a true perspective on banking methods and habits of thought, and he recognized in the call, no personal reflection on his ability, but merely one of the many safeguards which rightly hedge about the custody of the wealth of others.

The cashier, unused to the vicissitudes of business-getting campaigns, was plainly worried. Calling Weston in, he explained the situation. "You see," said Weston's counselor, "the idea of paying interest on savings deposits received during the first ten business days of the month has been one of our traditional advertising points. Coming as it does from the president himself, he naturally is concerned to see you attack the very stronghold of his advertising plans. Then, too, the directors are keen for the custom, as they look on it in the light of a concession that can not fail to bring in the tardy and careless—of which there are many. Also, as you know, it saves work in the accounting. So, it is clearly your task to demonstrate that the step you propose taking, from the policy standpoint, as well as from the advertising standpoint, has more advantages than disadvantages."

Weston nodded his thanks.

"Advertising is applied conviction; I hope to prove my case thoroughly," said Weston. "We may have to step aside from the traditional in consideration of the matter; accordingly I have planned to convince the president, before the public."

"I certainly hope you do, too," said the cashier, earnestly. "We remember your work with the Consolidated National and nothing would suit us better than to see the same permanent growth made for us here, as you were instrumental in making in the East. Suppose we drop in on the president now and take it up with him in a preliminary way?"

"Agreed," said Weston. "It will save a general discussion in an official meeting,—exactly what we want to avoid."

So the pair headed for the president's office.

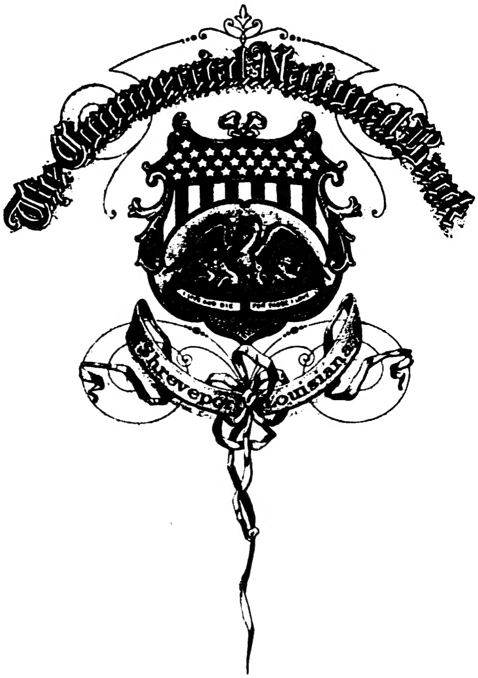
"The cashier has kindly suggested," said Weston, as the president nodded a greeting, "that it might be well to talk over some of the advertising which has been prepared, and the reasons which lie back of it—on which it is based—before it is threshed out in the officer's meeting."

"I want to tell you before you start," said the president in his most kindly tones, as though the work to come was not to his liking, "that you are going to have a pretty hard time. We older men—we successful men who have seen the failure of so many of the new things you younger men have insisted on—are good and skeptical concerning the 'gimp and ginger' matter you young fellows seem so determined to put out. So I warn you in advance that, even if you are right, you will have to do some convincing. Remember the fate of Harvey—to have no man over forty admit he had discovered a fact, the circulation of the blood."

"Perhaps the blood circulated slower in those days," the cashier interpolated, with the air of a man who must have his little joke.

"Not so illy put, either," said the president, "for it reinforces my point perfectly. Rapid, red-blooded methods are the order of the day in business—but they never will hold in banking. But all this is general, now about our own affairs."

"It is, in accordance with our established custom," said Weston, in response to the opening, "time for running the traditional advertisement featuring the fact that savings accounts deposited on or before the tenth will draw interest from the first. I had planned, while retaining the custom for a time, perhaps, yet immediately to offer, in addition, a *real* inducement—a bonus of



An Attractive Emblem

one dollar for each new account and for each old depositor who increased his deposit record over last year. The reward dollar was to be paid in a year, in addition to the regular interest, to all who fulfilled the requirements.

"This, to my mind, is an inducement which will be instrumental in bringing in a great many new depositors and at a low average cost per depositor."

"Doubtless," said the president, "but why offer a larger inducement than we have in the past?"

"To prevent an absolute waste of advertising space and to get an appeal that will take hold. Under the old offer, just stop and think what was the gist of that advertisement. Put in the form of direct appeal it says, 'We offer you practically, less than one-tenth of a cent bonus on each dollar you bring in, as an inducement for depositing with us.' Now, think of the way in which the ordinary person looks at such a microscopic inducement. Imagine the slight appeal that this makes, say, to a young man, naturally careless of his money—a young man who spends the amount offered for a hundred dollar deposit, for his morning cigar or for having his shoes blacked!

"It's only the old question of competition. Here are the various business institutions of the city offering their perpetual inducements —lower prices and bonuses—to get trade. When a man sees a standard suit of clothes marked from a fair price of $25, down to $18 or so, that represents a real—a genuine —bargain for him, and his money goes for clothes and to the clothier which has offered the greatest inducement. Not only does he purchase, but he is taught, unconsciously, to despise the small appeal, as of a cent on a ten dollar transaction—particularly when that appeal is to save, rather than to expend."

Weston glanced down at the president's scratch-pad. It bore the formula, in as nearly a scrawl as the president would allow his precise characters to approximate:

$100; int. 10 days @ 3% = $.08 1-3.

Weston knew his case was won—by mathematics—but there was still the human element to deal with. Why not throw the proof elsewhere? And with this idea the young man said:

"Mr. Deming, what I have presented by way of proof may be thought by others to be tinged with my desire to prove my case. Why not come with me and get in actual touch with outside conditions—get a disinterested viewpoint from some man who knows nothing of the merits of the advertisement under consideration?"

IV

Though Weston had secured the president's promise to hear what an outside man had to say, yet it was several days before matters so shaped themselves that the two could get out to visit outside conditions.

There were a number of names "in trade" on the directors' list; of these a number of men were noted for their skilful sales campaigning. Weston headed with the president for the office of Director Franklin —Franklin, whose name was a household word and familiar in jobbing circles from coast to coast.

Arriving at the wholesale house, which stretched its great length alongside the river, they were shot up a dozen stories to the office of the present controller of the business. Mr. Franklin was one of two brothers who had conceived the idea of mail order merchandising direct to the dealer. His brother and he had founded the business a decade ago; the younger brother bought; the elder sold.

Greetings over, the founder plunged at once into the graphic description of the methods by which he had built the business to its present size and importance.

"We never content ourselves merely with getting our goods to the dealer," said Mr. Franklin. "What we have to do is to show that dealer how to make his store attractive, his display so irresistible, that the customer can not get away without buying from three to five times as much as he meant to when he entered the store.

"Why, think of the competition that there is

in a country town—or elsewhere—for money. We merchandise to the dealer; the dealer must do the advertising. In order that that dealer can be successful he must advertise enough to get his share of the business. One of many ways we have of keeping a check on him is to compare the amount and kind of advertising that our representative does with the total amount and average kind of advertising that is done in his town. He must, in order to be successful, compete with all other advertisers, not only in his line, but in *all* lines—and do better than they. This he will do by taking as much advertising—as much square space—in proportion to his business as do the other businesses in town. So much for quantity of appeal.

"Then, when he comes to quality, the quality of his advertising must be better than the quality of the others who are bidding against him. It is our business to see that the dealer to whom we sell, advertises better than his immediate competitor. Not only that, but he must advertise better than even his remote competitor. When the wage-earner in a country town has a dollar to spend there are a million people bidding for it. That dollar can be spent for entertainment, for education, for any of the thousand of commodities sold by mail, or it can be spent for the necessities of life in one of our dealer's stores. Our hypothetical wage-earner must be made to spend his money, and that money must be diverted to the till of our dealer. The great problem of our business—the same as in any other business—is to get him to spend that surplus dollar *with our representative*."

Turning to the president, Mr. Franklin addressed him pointedly:

"I have often thought," he said, "that with all their indirect influence—with all their business acumen—with all their advantages—that the financial institutions do not realize the pressure that is put upon the average depositor to spend his money before he can get it to the bank."

Together they walked to the window which overlooked the city.

"Look at the various lines of business that each building within our sight represents. Just think of the appeals to the average men and women to spend their money immediately in one of these many places! Should not the banking institutions make a bid for the spare dollar, a bid strong enough to counteract the thousands of other businesses that are reaching out after it?"

V

So the builder of a great industry crystallized the policy that later became the backbone of the advertising campaign of the Third National. The advertising of that excellent institution no longer offers a small inducement to those already saving; it makes its plea to the men and women who are tempted to answer the world-wide invitation to expend their funds before getting them to the bank. The tremendous appeal that even the shop windows make to the few dollars in the purse or pocket of the average man or woman is recognized, and Third National's advertising offers equal inducements with all, for all. As phrased by the president in his remarks praising the new advertising campaign:

"The barred window, the symbol of protection, is called for only after well-gauged inducement has brought together something to protect."

ADVERTISING CRITICISM

Comment on Advertising Matter Submitted for Criticism

The Bank of Baton Rouge, La., writes:

We are trying to put some "snap" into our advertising, but feel that we have much to learn. Would you therefore give us your opinion on our efforts to date by criticizing the enclosed clippings and the papers sent under separate cover.

We reproduce two of this bank's advertisements, which are above the average bank advertisement in style and quality. We sent the bank a more extended criticism of its advertising in general and later received this reply:

We wish to thank you for your kind letter in reference to the samples of our advertising we sent you. Whatever merit they might have we feel is due to a very great extent to the aid of your excellent department and "Pushing Your Business."

J. N. Edlefsen, assistant cashier of the Peninsula Bank, St. Johns, Ore., writes:

Herewith I enclose a folder which we sent to all our customers and noncustomers recently. The same has been gotten up and worked out by myself and since putting them out have received a number of compliments. I therefore wish to have you pass your valuable opinion on same.

I fully realize the print and setting combination of type could have been more up to date, but we had to give the job to our local printer for business reasons.

I absolutely stayed with plain facts and avoided any undue bragging.

The folder is not so well printed as it might be, but still is a creditable job in that respect. The argument in the copy

WHAT OUR STATEMENT MEANS.

RESOURCES.

BANKING HOUSE, FURNITURE AND FIXTURES, $49,000

This is the amount at which the bank carries its working equipment. This consists of a most desirable location on Third street, a handsome brick building, well-equipped offices and vaults of the highest grade. Our main vault is steel-lined, fire-proof and impregnable to robbers. It is equipped with the best type of automatic doors with three time locks to insure perfect safety. Inside are steel boxes for our Safety Deposit Customers, and a massive, time-locked safe for our cash.

Thus, you see, our equipment is the best in every respect and we are able to offer our customers absolute protection. Call and let us show you around. We will be glad to do so whether you are now a customer or not.

OTHER REAL ESTATE OWNED $16,130

This covers property acquired in the usual course of business. As banks are not allowed to hold real estate permanently, this is held only until a favorable sale can be made. In accordance with our policy of conservatism, the above realty is carried at a very conservative figure.

On Tuesday we will explain other items.

THE BANK OF BATON ROUGE.

The Big Thing In Business

is credit. Build up your credit and paper you present is not likely to be questioned. It is at the bank that your credit is best established and the best time to do it is before you ask favors and loans.

There is no one thing that helps more to develop a good credit than the regular maintenance of a checking account in a strong bank like this.

Don't neglect to strengthen your business in this vital way.

Come and talk it over with us.

The Bank of Baton Rouge

Better Than a Mere Card

is excellent. A good paragraph from the folder follows:

Back of all, however, stands the well known character and ability of its officers, directors and stockholders, men of high financial and business standing, which means more to the depositor than any law or capital stock possibly could mean; we may well claim to be one of the strongest and safest institution in the state.

Another Pacific coast bank, the Chehalis (Wash.) National, A. S. Cory, cashier, sends us some of its printed matter for criticism. We reproduce a large newspaper advertisement. Typographically this ad. is too muddled up. There is good stuff in the ad. but it is not arranged to the best advantage. It would be better to cut out half the matter and make the ad. more readable. There is some bad grammar in the first paragraph, as "person" is singular and "their" is plural. The apostrophe marking the possessive case is omitted in the first noun. There is a confusion of number in "bank" and "they" further down, too.

John B. Knight, treasurer of the Chicopee Falls (Mass.) Savings Bank, writes:

We are still using the pay envelopes for our advertising, in fact it is about the only way we are advertising. I enclose a series that we are running at present and would be glad to have your criticism of them. I think they are bringing good results although perhaps not quite so good as at first.

Perhaps the novelty is wearing off. Or perhaps my copy is not as good as the first lot. I am still trying to devise some other special methods of reaching my people. I am thinking some of trying a follow up series of form letters but am afraid that they will not appeal to the class of people that we are trying to reach. I am always looking for suggestions and find a good many in your publicity department.

We suggested to Mr. Knight the use of circulars to be distributed at the factories, these circulars or booklets to have special savings talks and practical suggestions. We think that the pay envelope copy is good. Following are samples:

A PROMINENT MANUFACTURER recently said:

"The best men working in our shops today are the men who are saving money regularly. The steadiness of purpose and ambition thus displayed is apparent in their work. They are the men to whom advancements and promotions most frequently come and they are the last to be laid off when times are dull."

CHICOPEE FALLS SAVINGS BANK.

Are You Interested In Old Age Pensions?

If you will deposit $2.00 every week in this bank at 4% compound interest, after 40 years you can retire and your savings will pay you $8.00 per week for the rest of your life and you will leave $10,000 to your family when you die.

CHICOPEE FALLS SAVINGS BANK.

Do not carry a lot of money in your pocket.

It is too easy for some one to steal it.

It is too easy to spend it foolishly.

And you are losing the interest it would earn if deposited in this bank.

CHICOPEE FALLS SAVINGS BANK.

Willis R. Knox, president of the First National of Intercourse, Pa., writes:

I am enclosing you booklet, for your criticism. These were mailed to our stockholders, depositors, and prospective customers. Too soon yet for us to determine what the result will be.

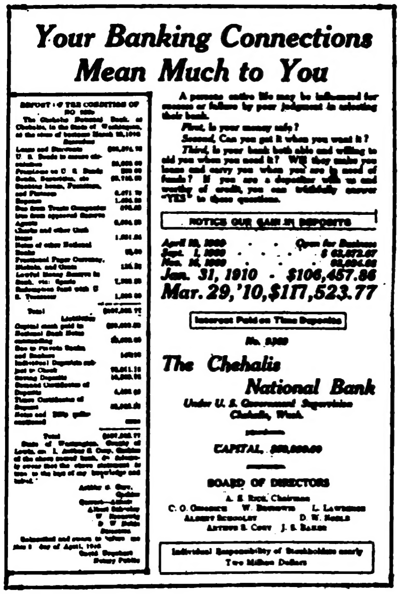
Reading the booklet will convince you that no professional ad. man was employed to prepare them. The composition is the work of the writer, and while it is not nearly what it should be, I feel it will appeal to the particular class of people whom we intend to reach.

Thanking you for any suggestions or mention you will make of the booklet, congratulating you upon the excellent make up of The Bankers Magazine, I remain,

The booklet is all right, a good piece of advertising because it is so frankly written. A striking paragraph is the following:

We Tell About Our Bank.

Nowadays, the largest and strongest banks and trust companies are spending vast sums of money to tell people about their institutions. A man of national reputation, Ex-Sec. of the United States Treasury, Hon. Leslie M. Shaw, is at the head of a large trust company, which spends many dollars in advertising. These are days of investigation, and people want to know something about the protection they get from the bank where they do business. They have a right to know. A bank does you no favor by receiving your deposit, but you do the bank a favor when you open an acount. All persons, who contemplate opening accounts at the Intercourse National Bank, are invited to visit the institution, inspect the modern conveniences, find out about modern methods (one of which is to balance Bank Books every month) satisfy themselves about safety, and have the officers explain why their money is secure, when placed in this bank. On the other hand, if you open an account, no other person will know, except the men in the bank, the amount to your credit, or the nature of your business with the bank. And no one, except yourself, can draw out the money left with us for safekeeping.



Too Much Matter

Frank B. Finch, advertising manager of the Commerce Trust Company, Kansas City, Mo., sends us two more of his illustrated bank ads. They certainly are worthy of reproduction. He also sends us this good form letter:

You remember that Savings Account don't you,—that nice account you opened some time ago? You, perhaps have forgotten it. We haven't. This will remind you.

Any way, it suggests that your Savings Account needs attention, just as anything else which is a success. And this can be

Appropriate Illustration

So study the enclosed plan carefully. See if it is not worth while. We help you, and our 3% interest compounded each 6 months, helps make that big amount. Try it.

And, we pay 2% on Checking Accounts; also, make and sell Real Estate Loans, and have excellent investments. We try to make your dealings pleasant and profitable here.

---

a great success. You can make it so, NOW.

Carnegie says, "A Savings Account is a baited trap for Opportunity,—a barred gate against misfortune. I depended upon it in my first step toward wealth."

We say, "The larger the trap, the better the opportunity." Your trap could be larger; you could have a better opportunity; and it would be harder for misfortune to enter. Enlarge your trap, by depositing often, HERE.

You admit it is well to have a Savings Account for any step in life,—most especially for the first one. It helps you; and it is easier to step farther every time.

A great amount is not required. Spare even $1 weekly, and it grows rapidly. If this is begun at ten, a man will have $678.66 in his account when he is 21.

NEW BOOKS

"A HISTORY of the Farmers Bank of Lancaster, the Farmers National Bank and the Farmers Trust Company of Lancaster (Pa.)." This is the self-explanatory title of a pretentious souvenir book published this year by the Farmers Trust Company of Lancaster, Pa. It is dedicated to the "several generations of directors, officers and employes, who by their ability, integrity and faithful service, have kept the fair name and credit of this institution unsullied from its foundation to its one hundredth anniversary," and is handsomely illustrated with engravings of these former officers and directors. There are two hundred pages in the volume.

DATES OF COMING CONVENTIONS

Association.	Date	Place	Secretary	
A. B. A.	Oct. 3- 7	Los Angeles	F. E. Farnsworth	New York
Georgia	June 7- 8	Atlanta	L. P. Hillyer	Macon
A. I. B.	June 8- 9	Chattanooga, Tenn.	H. G. Proctor	Richmond, Va.
Ohio	June 8- 9	Columbus	S. B. Rankin	Columbus
South Dakota	June 8-10	Yankton	J. E. Platt	Clark
Virginia	June 9-11	Fortress Monroe	N. P. Gatling	Lynchburg
New York	July 14-16	Cooperstown	Wm. J. Henry	White Plains
Iowa	June 16-17	Des Moines	J. M. Dinwiddie	Cedar Rapids
Michigan	June 21-25	Port Huron	H. M. Brown	Detroit
Minnesota	June 22-23	St. Paul	Chas. R. Frost	Minneapolis
North Carolina	June 21-24	Wrightsville Beach	W. A. Hunt	Henderson
Oregon	June 24-25	Pendleton	J. L. Hartman	Portland
Massachusetts	June 8-9	Pittsfield	Geo. W. Hyde	Boston
Washington	July 21-23	Hoquiam-Aberdeen	P. C. Kauffman	Tacoma
Wisconsin	Aug.	La Crosse	Geo. D. Bartlett	Milwaukee
Pennsylvania	Sept. 6- 7	Bedford Springs	D. S. Kloss	Tyrone
Indiana	Sept. 14-15	Evansville	Andrew Smith	Indianapolis
Colorado	Sept.	Grand Junction	G. L. V. Emerson	Silverton
Illinois	Oct. 26-27	Cairo	R. L. Crampton	Chicago

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE FIRST NATIONAL BANK OF HOBOKEN NEW JERSEY

New Home of the First National Bank of Hoboken, N. J.

FROM its organization as the Hoboken City Bank (a State institution) in 1857, this institution has had a successful career, having grown steadily to its present proportions. In 1865 the bank was converted into the First National Bank of Hoboken.

For forty years the First National Bank of Hoboken occupied its old building on the present site, which proved in arrangement and detail inadequate for its growing business. The necessity for a more modern home was obvious, and arrangements were made by the building committee for the

removal of the old building and the erection of the present one, which was commenced May 1, 1909.

The building was planned and designed by Kenneth M. Murchison, a prominent New York architect. Mr. Murchison has

CHAS. F. MATTLAGE
President

been engaged in the construction of a number of large and important works, among others the new Lackawanna Terminal and ferry houses at Hoboken, the new Lackawanna station at Scranton, and is at present occupied in erecting the new station at Baltimore which he designed for the Pennsylvania Railroad Co.

The accompanying illustrations give an idea of the beauty and solidity of the bank's new home.

With the larger space available in the new building the various departments are well provided for. There is also a separate pay room in the basement for the employes of the Lackawanna Railroad. On the mezzanine floor is a large room for the use of the directors of the bank.

Ample vaults have been provided in the new building for the care of the bank's funds and securities, and one thousand safe deposit boxes of modern type have been installed. There are seven large steel vaults inside of the main vault itself, and the construction is such as to assure safety. The doors of each main vault weigh about six tons and are equipped with three time locks each.

The strength of the bank is indicated by the steady accumulation of surplus and profits, which now amount to $630,000.

One of the severest tests of the banks of the country was afforded by the panic of 1907. How well the First National of Hoboken stood this test is evidenced by the following statement of its assets, taken from official reports to the Comptroller of the Currency.

Mar. 22, 1907	$3,211,000.00
May 20, 1907	3,384,000.00
Aug. 22, 1907	3,287,000.00
Dec. 3, 1907	3,227,000.00
Feb. 14, 1908	3,214,000.00
May 14, 1908	3,279,000.00
Nov. 27, 1908	3,316,000.00
July 15, 1908	3,408,000.00

At the present time the assets are $3,864,000.

The officers of the bank are well-known in business circles, both in Hoboken and in New York. Charles F. Mattlage, the president, is at the head of the firm of Charles F. Mattlage & Sons Co., of New York, and also a director of the Fidelity Trust Co. of that city and was at one time vice-president of the Irving National Bank of New York. He is a prominent and wealthy resident of

WILLIAM SHIPPEN
Vice-President

THEO. BUTTS
Second Vice-President

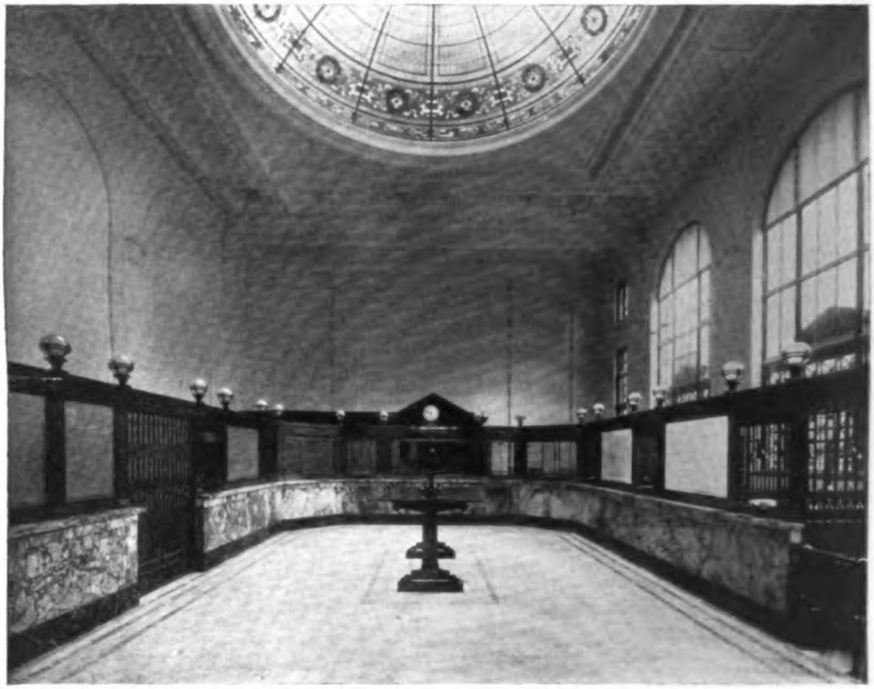
Hoboken. The vice-president, Wm. Shippen, was for many years secretary and treasurer of the Hackensack Water Co., and has been long and prominently identified with business affairs in Hoboken. The second vice-president, Theophilus Butts, is now retired and lives in Brooklyn, N. Y. He formerly resided in Hoboken, where he has a wide acquaintance and retains important business interests. William W. Young, the cashier, has been in the employ of the bank in various capacities for twenty years, and was formerly with the First National of Jersey City. Robert M. McCague, assistant cashier and paying teller, is one of the widely-known citizens of Hoboken.

The business of the bank for the past year has materially increased both in its commercial and savings departments. The safe deposit feature is a new one and already has been well patronized by many of the depositors, and the prospects for growth and expansion are very bright.

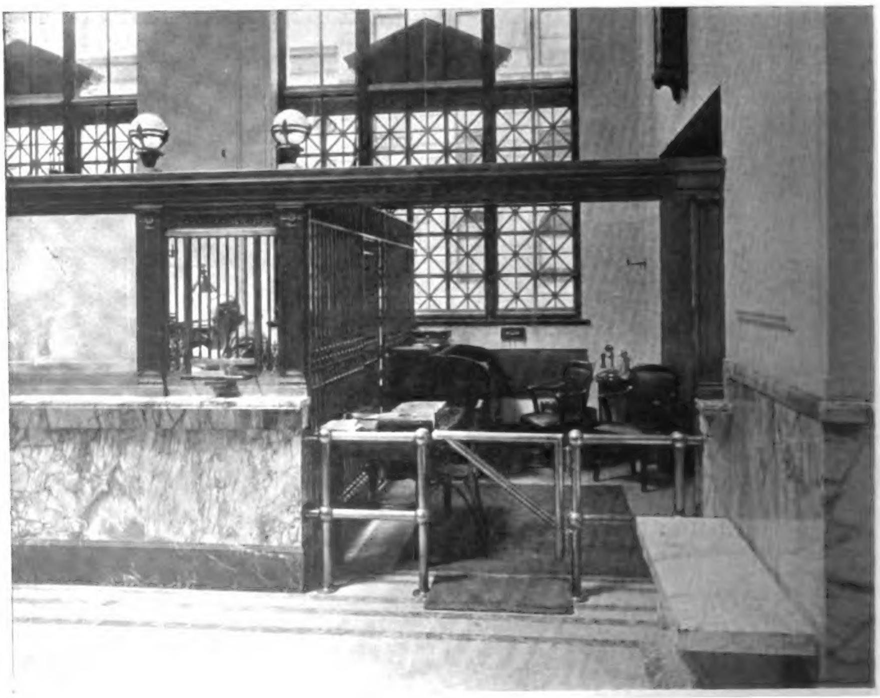
With the completion of the new building the First National Bank of Hoboken is better than ever prepared to serve the business community, and under the present efficient management, it may be reasonably expected that the previous record of safe progress will not only be equalled but greatly excelled.

R. B. McCAGUE
Paying Teller and Assistant Cashier

W. W. YOUNG
Cashier



Main Banking Room



Office of the Cashier

Private Office of the President

Board of Directors' Room

Entrance and Door to One of the Vaults

BOOK REVIEWS

THE BOOK OF DANIEL DREW: A Glimpse of the Fisk-Gould-Tweed Regime from the Inside. By Bouck White. (Price, $1.50, net.) New York: Doubleday, Page & Co.

IN the history of Wall Street Daniel Drew played so large a part, and his character was so unique, that an authentic story of his life could hardly be otherwise than intensely interesting. Drew was an active participant—a chief factor, indeed—in some of the great financial events of the Street, and the record presented by Mr. White is entertaining throughout and at times stirring.

The author protests that his tale is a veracious one, based upon memoranda left by Drew himself. And yet it taxes our credulity to believe that any man of Daniel Drew's shrewdness should draw so unflattering a portrait of himself as this book presents.

JOHN AND BETTY'S HISTORY VISIT. By Margaret Williamson. Illustrated. Boston: Lothrop, Lee & Shepard Co.

Written for children, but none the less interesting to grown-ups, Miss Williamson's book fills a place of its own in the literature of travel. Historical facts are woven into the story of John and Betty's visit to their English friends in an entertaining way and those who read the book will absorb a good deal of English history without feeling that they are studying. The book is copiously illustrated with excellent half-tone cuts made from photographs and is handsomely printed and attractively bound.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—At a special meeting the stockholders of the National Park Bank ratified the recommendation of the board to increase the capital from $3,000,000 to $5,000,000, the new stock to be offered to holders of record of May 7 at $200 a share. The bank will have, in addition to its $5,000,000 capital, a surplus of $12,000,000. In the last statement to the clearing-house the deposits of the bank amount to about $83,000,000.

—A three per cent. quarterly dividend was recently declared by the Mechanics and Metals National Bank, payable to stockholders of record May 6. This is the first dividend since the amalgamation, early in the year, of the Mechanics National Bank and the National Copper Bank.

—The third anniversary statement of the Fidelity Trust Company of Chambers street and West Broadway, New York City, has just been published. It is a splendidly balanced report and as such is one that we take pleasure in calling to the attention of our readers.

The Fidelity Trust Company was organized and opened May 22, 1907. It has a capital of $750,000 a surplus of $750,000 and undivided profits of $200,000. One year after the opening day it reported deposits of $4,208,172 and resources of $5,845,875; last year on May 22, the deposits totaled $5,771,489 and total resources, $7,490,158. Now at the close of the third year the deposits are $7,051,853 and the total resources are $8,815,366. Much of the credit for this good showing should be given to the president, Samuel S. Conover, who has given his entire attention to the upbuilding of his company.

—New and important interests have assumed control of the European-American Bank, at Greenwich and Dey streets, and it will be reorganized and its name changed to the Security Bank of the City of New York. The reorganization was brought about by E. R. Eckley of 37 Wall street. The bank has a State charter and a capital of $100,000.

—Francis H. Page, for fifteen years second vice-president of the Washington Trust Company, has been elected vice-president, and George W. Toerge, second assistant secretary, becomes assistant secretary.

—Ernest W. Davenport has been appointed assistant cashier of the Fourth National Bank, New York.

—The Columbia Trust Company of New York, in its statement as of March 25, shows its deposits to be $12,202,123; investments,

$5,116,294; loans, $7,180,376; cash and due from banks, $2,607,278; capital, $1,000,000; surplus and undivided profits, $1,577,545, an increase of $36,545 since November, 1909. Its total resources are $15,022,208.

—Charles C. Lloyd has succeeded Emil Schwarz as vice-president of the Audubon National Bank of the Washington Heights section of the city.

—The Northern Bank of New York, Frank L. Grant, president, will remove its branch office, now at 692 Broadway, to new quarters on the northwest corner of Broadway and Astor place. The institution has nine branches in the boroughs of Manhattan and Bronx, besides the main office at 215 West 125th street. The Northern Bank was established in 1888 and on March 25 last its total deposits were $6,649,881; capital stock, $700,000; surplus and profits, $195,307, and aggregate resources, $7,562,335, of which cash on hand and in banks amounted to $2,087,-460. Mr. Grant's official associates are: William L. Brower, vice-president; William H. Mills, cashier, and I. S. Voorhis and C. J. Wallace, assistant cashiers.

—Application has been made to the New York Banking Department for a charter for the Bronx Central Bank of New York City, which will be located near Westchester avenue and Southern boulevard. The capital is to be $100,000. Among those interested are Zoheth S. Freeman, vice-president of the Liberty National Bank; John D. Pease and E. E. Gabler, both piano merchants; Silas Schwartz, manufacturer; Charles D. Steurer, publisher; Bainbridge Colby and F. H. Allen, attorneys, all of New York, and Arthur McConnell, coal dealer, of Jersey City.

—Alfred J. McGrath, well known in New York and Philadelphia banking circles, has become associated with the firm of Charles H. Jones & Co., dealers in investment securities, at 20 Broad street. Mr. McGrath was formerly vice-president of the Western National of Philadelphia, vice-president of the Metropolitan Bank of New York, and assistant cashier of the Bank of New York. His many friends wish him success in his new venture.

NEW ENGLAND STATES

—James J. Phelan, a member of the banking firm of Hornblower & Weeks, has resigned as a director of the Federal Trust Company of Boston. Mr. Phelan has been actively interested in the affairs of the Federal Trust Company since its formation, but he has taken on so many additional duties of late, such as the presidency of the Connecticut Valley Lumber Company, that he could give but little of his time to the affairs of the bank.

—The Paul Revere Trust Company of Boston, with a capital of $200,000 and a surplus of $25,000, has opened for business at the northerly end of Adams square, near the tunnel and subway stations. C. L. Burrill, for many years prominently identified with Boston banking interests and in the recent past a member of the board of savings bank examiners, is the president of the new institution; J. Rottenberg, vice-president; W. E. Moreland, treasurer, and W. H. Pratt, secretary. The institution will be a thoroughly independent one, and the management proposes to conduct its business upon old-time banking methods, with particular regard for the desires and needs of the small, as well as the large, depositors.

—A card has been distributed by the Eliot National of Boston bearing this statement: "We are pleased to announce that we have perfected arrangements whereby the unexcelled banking facilities of the Bank of Montreal and its numerous branches throughout the Dominion of Canada are placed at our disposal. Our close relations with these correspondents enable us to handle all Canadian banking matters quickly, economically and safely. . . . Our own cheques, drawn on the Bank of Mon-

treal, will be paid at par in all the principal cities and towns throughout the Dominion." The Eliot National has surplus and profits of $1,300,000.

—Charles H. Marston was elected president of the Bank Officers Association of Boston at the annual meeting held May 18. This association was organized in 1885 and has had a long and useful career in Boston. It has over 1,300 members and doubtless will show renewed growth and prosperity under the new president.

Mr. Marston is auditor of the National Shawmut Bank, with which he has been connected for the past twenty years. He was the only delegate from New England to the convention of the American Institute of Banking in Seattle in 1909 and through his Institute activities and attendance at bankers' conventions he is well and favorably known to bankers all over the country.

Charles H. Marston

Mr. Marston is a popular member of the executive board of the Boston chapter and a fellow of the American Institute and will probably be elected to the executive council of the Institute at its annual convention in Chattanooga in June.

In his new position as president of the Officers Association Mr. Marston has announced that he will give special attention to familiarizing the younger members with the duties of the higher positions in banking.

—Ernest M. Whitcomb of New York has been chosen a director and vice-president

of the First National Bank of Amherst, Mass.

—The Atlantic National Bank of Providence, R. I., recently issued a statement comparing its condition May 12, 1910, with that of May 12, 1906. During that four-

EDWARD P. METCALF

President Atlantic National Bank Providence

year period its deposits increased from $259,821.11 to $3,482,942.67, the number of depositors from 295 to 3,557, surplus and profits from $21,863.12 to $167,019.58, and loans and discounts from $452,495.41 to $2,735,939.70.

The rapid growth of the past four years was brought about by an entire change in management in May, 1906. At that time Edward P. Metcalf became president, and Frank W. Peabody, cashier, and the bank's business was rapidly and systematically developed.

The Atlantic is a commercial bank and has built up its business by catering to the business interests of the city and by assisting the smaller business man in developing his own business.

It is said that the loans of the Atlantic include a larger number of notes than those of any other national bank in Rhode Island or Connecticut.

The condition of the bank is regularly and carefully scrutinized by a committee of directors.

The officers of the Atlantic are: Edward P. Metcalf, president; James S. Kenyon and Ernest W. Tinkham, vice-presidents; Frank W. Peabody, cashier; George H. Capron, assistant cashier. Directors:

FRANK W. PEABODY

Cashier Atlantic National Bank Providence

George E. Boyden, George E. Boyden & Son, knit goods manufacturers; Robert E. Budlong, treasuer S. K. Merrill Co., jewel-

ers; John M. Dean, president John M. Dean Co., house furnishings; John R. Dennis, assistant treasurer Elmwood Mills; Henry W. Harvey, Harvey & Otis, jewelers; Frederick W. Hartwell, secretary General Fire Extinguisher Company; Michael J. Houlihan, contractor; Orrin E. Jones, storage warehouse; Franklin S. Jerome, New York, treasurer U. S. Finishing Company; Charles M. Kahn, New York, Kahn, Dreyfus & Co., clothing manufacturers; James S. Kenyon, president Burrows & Kenyon Co., lumber; Edward P. Metcalf, president; John S. Murdock, attorney at law; David F. Sherwood; P. R. G. Sjostrom, New York, treasurer United States Worsted Co.; Ivar L. Sjostrom, Lawrence, Mass., manager Lawrence Dye Works Company; Ernest W. Tinkham, Harrisville, R. I., treasurer The William Tinkham Company, worsted manufacturers; Walter W. Whipple, Chicago, president Whipple Car Co.

Forty-two persons attended the annual meeting of the Chelsea (Mass.) Savings Bank, held on the night of May 5. Benjamin F. Dodge was elected president; Joseph W. Stickney, George E. Morrill, Thomas Strahan, William Grantman, Charles G. Roberts, Eugene F. Endicott, William Robinson and A. A. Fickett were made vice-presidents. The bank reported assets of $5,791,712, an increase for the year of $218,130.

—Henry L. Wilcox has become cashier of the National Bank of Commerce of Providence, R. I., succeeding the late John Foster.

EASTERN STATES

—The People's National Bank, People's Savings Bank and the Safe Deposit & Trust Company, affiliated institutions, of Pittsburgh, are sending out folders showing the standing of these well-known banks. The People's National Bank has deposits of $14,465,063, and People's Savings Bank. $9,955,712. The Safe Deposit & Trust Company has $27,499,617 trust funds and surplus of $7,500,000.

—A Pittsburgh bank which has just added to its surplus is the Mellon National. It put $100,000 to that item, making the total $3,000,000. It has been at $2,900,000 since the last previous addition was made not long ago, and the progress of the institution has been closely watched by local financiers. Steadily, but surely, the bank has been making progress since it became a member of the National Association, and the latest addition to surplus proves its worth among the best institutions in the city.

—At the close of business, April 30, 1910, the Fidelity Title & Trust Company of Pittsburgh reported $1,706,516 of cash on hand and in bank, $7,704,122 of demand and time loans, $11,027,558 of deposits and $18,397,338 of resources.

—Changes in connection with the purchase of the commercial business of the Guarantee Title & Trust Company of Pittsburgh, by the Duquesne National of the same city, have been continued by the selection of C. C. Hammond as assistant cashier of the Duquesne. Mr. Hammond is among the most popular of the younger bankers in the city, and the promotion meets with general satisfaction in the financial district. He served three years with the Guarantee, but had been for a considerable time with the Bank of Pittsburgh. N. A.

—M. C. Cameron has been elected vice-president of the Metropolitan National Bank of Pittsburgh, succeeding Robert Ostermaier. H. B. Stewart succeeds George Seebick as cashier.

—On May 2 the Pennsylvania Savings Bank of Pittsburgh rendered a gratifying

report, the items of which were as follows: Reserve fund, $48,447; total resources, $645,000; capital stock paid in, $100,000; surplus fund, $30,000; undivided profits, $20,469; deposits, $494,531.

—J. D. Ayres, formerly assistant cashier of the Bank of Pittsburgh, N. A., has been elected a vice-president of the institution.

J. D. AYRES

Elected Vice-President The Bank of Pittsburgh, N. A.

This position is a new one created by the directors at one of their recent meetings.

Mr. Ayres has been connected with the bank for a number of years, and has been known among the financial fraternity as a strong man, well qualified for any position of trust, and particularly qualified by education and training for the detail of banking. He is well known in the Pittsburgh district and many distant States. He has been called upon frequently to visit the annual gatherings of banking associations and has gathered a vast fund of information of particular value to the well-known institution to which he has given his allegiance.

—Several changes have taken place in the official staff of the Manufacturers' Bank of Pittsburgh, owing to the recent death of President John C. Stevenson. Daniel P. Berg took the place on the board thus made vacant, and when the directors organized after the annual meeting he was promoted from cashier to president. John C. Rudolph succeeds Mr. Berg as cashier.

—The Lincoln National Bank of Pittsburgh has taken new quarters in the Henry W. Oliver bilding. Part of the site of the latter was the location of the Lincoln National for many years. When its building was razed the bank removed to Liberty avenue, at the mouth of Smithfield street, where it has been doing business while the skyscraper was undergoing construction. The new quarters are in keeping with the stately surroundings. The Lincoln National, with capital of $600,000 and surplus and profits approximating $900,000, is one of the strongest of Pittsburgh financial institutions. C. B. McLean is president and H. A. Johnston, cashier.

—Harvey L. Elkins, vice-president and treasurer of the Colonial Trust Company of Philadelphia, has been elected president of that institution, to succeed R. W. Down-

ing, who desired to retire on account of failing health and advanced age. Mr. Elkins was one of the organizers of the company, which was started in 1899. Mr. Downing was president for six months, succeeding John O. Gilmore. The position of vice-president will be left vacant for the present.

—The Northwestern Trust Company of Philadelphia has increased its dividend from six to seven per cent., and has added $25,000 to surplus, making that fund $125,000. The company has on deposit over $1,600,000.

—The Girard Trust Company of Philadelphia has announced to its 14,300 depositors that on and after June 1 the custom of balancing pass-books will be discontinued, and in its stead monthly statements, showing the status of accounts, will be rendered. The Girard Trust Company is the first institution of its kind to adopt this new system.

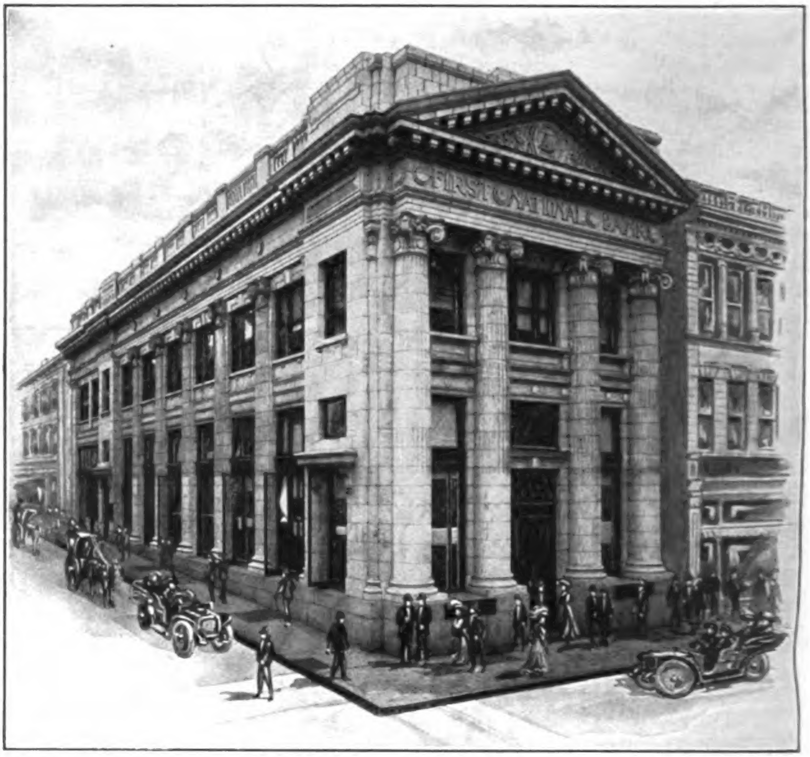
—At the annual stockholders' meeting of the Wayne Junction Trust Company of Philadelphia, William Greene was elected a director in place of Walter H. Lippincott, resigned. At the meeting of directors for organization the former officials were re-elected. Ten thousand dollars has been added to the surplus fund, making that item $50,000.

—Directors of the Penn National Bank of Philadelphia have declared a semi-annual dividend of six per cent., placing the stock on a twelve per cent. annual basis. The directors have also added $100,000 to surplus, making that fund $1,200,000.

—At the seventh annual meeting of the North Philadelphia Trust Company, it was declared that the company ended its fiscal year with deposits of $1,263,000, an earned surplus of $85,000; undivided profits, $9,000; capital, $150,000, and total resources of over $1,500,000. The volume of business for the year was nearly double that of the previous year. The eleventh consecutive dividend was declared. The company pays six per cent. per annum. The following directors were chosen to serve for three years: William M. Gordon, Walter T. Merrick, George Pohlig, C. A. Van Dervoot and Frank W. Walters.

—Andrew H. McClintock, vice-president of the Wyoming National of Wilkes-Barre, Pa., has been promoted to the presidency of the institution in place of the late George S. Bennett.

—The Half-Dime Savings Bank of Orange, N. J., has just completed its fortieth year of business life, and takes occasion to issue a statement, of which it may well be proud. Total deposits of something over $1,600 in 1870 have grown to nearly $2,500,000 in 1910, and a surplus of $106.28 at the end of the first month's business has increased to nearly $237,000 in forty years. The Half-Dime has always been an essentially local institution, and on its board of management it has had the



Modernly Appointed Building devoted to the exclusive use of the First National Bank of Lynchburg, Va

service of some of the leading business men of the community. Changes have been of marked infrequency, and in the majority of cases only death has marked the termination of service.

SOUTHERN STATES

—Under the advice of his physicians, Matt J. Heyer of the Southern National Bank of Wilmington, N. C., and of the Atlantic Trust & Banking Company of that city, will disassociate himself from active business for the present. His resignation as president of both institutions has been received by the respective directors and accepted with regret. He will, however, continue as a director of the two banks. Charles N. Evans, cashier of the Southern National since its organization, has been elected to succeed Mr. Heyer in the presidency of both institutions. J. W. Simpson, formerly assistant cashier of the Southern National Bank, becomes cashier of that institution.

—William Hurd Hillyer, of the Hillyer Investment Company, has been elected president of the newly-organized Sixth Ward Bank of Atlanta, Ga.; Herbert L. Wiggs has been chosen vice-president and William Mauldin, cashier. A board of directors, consisting of nine members, has also been elected. The institution has a capital of $25,000 and a surplus of $5,000.

—F. Adams has replaced Bion H. Barnett as president of the Barnett National Bank of Jacksonville, Fla. G. R. De Saussure, heretofore cashier, succeeds John G. Christian as vice-president, and R. E. Wheeler has been assigned to the cashiership to fill the vacancy caused by Mr. De Saussure's promotion.

—In connection with its statement of March 29, the First National Bank of Milton, Fla., publishes a comparative table of deposits, giving the volume of deposits reported at each call from February 14, 1908, to March 29, 1910. The total gain for that period was $73,269, or from $79,146 to $152,415. Since January 31 of the present year deposits have increased $12,896. Charles W. Lamar is president of the bank, L. P. Golson is vice-president, S. J. Harvey is cashier, and C. W. Cobb, assistant cashier.

—Pensacola this year entertained the Florida Bankers' Association, when it assembled for the annual convention. All of the sessions were well attended and many interesting and instructive papers were read. Charles W. Lamar, president of the American National of Pensacola, was elected president of the association for the coming year. George W. Saxon of Tallahassee was made first vice-president; A. Livingston, Jr., of Madison, second vice-president; J. N. Hooker of Bartow, third vice; Charles A. Faircloth of Gainsville, fourth vice, and Carl Warfield of Fernandina, fifth vice. G. R. De Saussure of Jacksonville was elected to his sixth term as secretary and treasurer. J. Simpson Reese, president of the People's National of Pensacola, was made a vice-president for Florida of the American Bankers' Association, and William K. Hyer, Jr., president of the First National of Pensacola, was chosen to represent Florida at the Los Angeles convention in September. The 1911 convention will meet in Ocala.

—A splendidly balanced statement is that one made by the Commercial National Bank of Shreveport, La., bearing the date of March 29. This bank, a United States depository, has a capital stock of $500,000 ($100,000 paid in and $400,000 earned), a surplus and profits fund of $403,609, and deposits of $4,426,383. It has total resources of $5,820,442.

—As an example of remarkable growth and present strength the following figures, taken from reports made by the Continental Bank & Trust Company of Shreveport, La., are convincing:

Deposits have increased from $300,919 on August 20, 1906, by successive stages to $1,300,007 on March 8, 1910; the increase since January 1, 1910, has been $122,490. In the same length of time the resources have gone from $553,322 to $1,749,770. The net earnings of the Continental since its inception in 1906 have amounted to $71,501; out of this sum five dividends of $45,739 have been paid, leaving undivided net profits of $25,762. The present surplus is $75,000 and the present capital is $300,000.

—R. A. Greer has been elected president of the Gulf National Bank of Beaumont, Texas, succeeding the late A. L. Williams. Mr. Greer was previously a vice-president of the bank, and is succeeded in that posi-ion by P. B. Doty, who also continues as cashier of the institution.

—H. N. Tinker, president of the Bankers' Trust Company of Houston, Texas, has re-

Strong and Effective Booklets

OUR stock booklets are as follows:

FOR TRUST COMPANIES—"Managing Your Property." An interesting and effective presentation of the great advantages of allowing a trust company to manage property even during the life of the owner. It develops fully the benefit to be derived from employing expert service and using the facilities provided by the modern trust company.

"Helping the Treasurer." A brief but complete exposition of how a trust company can take care of the financial affairs of lodges, unions, brotherhoods, churches, Sunday schools, societies, clubs and other organizations.

FOR COMMERCIAL BANKS—"Your Credit and a Checking Account." In this booklet is a thorough presentation of the importance of credit and an interesting compilation of the arguments for a checking account. It is a booklet which will be read with interest and profit by every business man. It takes up also the subject of the bank and the community and gives some good points on the banking business of women. It has 16 pages and a cover. With strong advertising matter on the special pages set aside for that purpose, it will prove a business getter for any bank that uses it.

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signed his position as active vice-president of the Union National of Houston and will devote all of his time to the trust company. In informing THE BANKERS MAGAZINE of this change, Mr. Tinker remarks: "I deem trust company work as the highest evolution of the financial world and will give all my time and attention to same. The capital will probably be increased from $500,000 to $1,000,000 in the near future, making it the largest trust company in the State."

New Bank and Office Building which is to be opened soon by the Central Bank and Trust Company of Memphis, Tenn.

—In connection with its statement of March 1, 1910, the Central Bank and Trust Company of Memphis, Tenn., gives a comparative table of deposits that is of interest, in that it shows clearly the rapid development of the business from January 15, 1906, up to the present time. Deposits on the opening day totaled $65,219; by the end of June, 1906, they had increased to $433,-181. On the last day of December, 1909, the Central Bank & Trust Company reported deposits of $1,348,164; by March 1 of this year there had been a further increase up to $1,435, 234. The company is capitalized for $500,000, has a surplus and undivided profits fund of $152,106, and will occupy the building shown here upon its completion.

—There were fully 500 delegates present when the twenty-sixth annual convention of the Texas Bankers' Association was called to order in El Paso on the morning of May 10. Joseph T. Talbert, vice-president of the National City Bank of New York, was one of the speakers for the first day.

—The State National Bank of Fort Worth, Texas, reports deposits of $1,421,-104, a capital of $200,000, a surplus of $350,000, undivided profits of $36,952, and total resources of $2,206,057.

—Montgomery, Alabama, has one bank, just three and one-half years old, that during the year ended May 13, 1910, increased its active accounts ninety per cent. and also its deposits ninety per cent. This progress-

LOUIS B. FARLEY
President New Farley National Bank

ive institution is the new Farley National Bank, a State depositary and sole depositary for the city of Montgomery. It reported May 13, 1910, total resources of $1,098,672, loans and discounts of $555,259, a surplus of $38,500, undivided profits of $12,898, and deposits of $647,273.

MIDDLE STATES

—Harold T. Griswold has been made an assistant cashier of the Railway Exchange Bank of Chicago.

—The Hamilton National Bank of Chicago, which sold its business a couple of months ago to the National City Bank of Chicago, has declared a dividend of 100 per cent. on its stock in liquidation. Holders of the stock are requested to send their certificates to the National City Bank. When they have been received, checks for the dividend will be mailed and, after indorsement of the dividend, the stock will be returned.

The Hamilton National had $500,000 capital and surplus of $145,000, or about $29 a share, before the sale took place. The National City is understood to have paid three per cent. on about $8,000,000 deposits, or about $240,000 for the Hamilton's business. Further dividends will be paid to the Hamilton's stockholders as the remaining assets are liquidated. How much more will be paid is not known.

—The new La Salle Street National Bank and the La Salle Street Trust Company of Chicago will both clear through the Corn Exchange National Banks.

—Daniel Norman, who has been connected with the Commercial National Bank of Chicago for the last seventeen years, has been appointed assistant cashier. Mr. Norman is thirty-eight years old and resides at Glen Ellyn. He has been private secretary to President Roberts for several years, and was formerly manager of the credit department.

Charles C. Willson also resigned as assistant cashier of the Commercial National Bank, to take effect May 31, and on June 1 becomes cashier of the Commercial Trust & Savings Bank, an affiliated institution.

--The Sterling National Bank of Sterling, ill., has now in course of construction a new building on one of the most centrally located and highly desirable sites in the city. It is to be of brick, with terra cotta front, and will be completed in September next. The Sterling National is capitalized for $100,000 and has a surplus of $100,000; J. H. Lawrence is president and S. G. Crawford is the cashier.

—On March 29 of the present year the Germania National Bank of Milwaukee reported total resources of $4,665,990, a surplus and undivided profits fund of $116,295 and deposits of $3,948,395. Deposits have increased over a million dollars since March 29 of last year.

--E. W. Decker, vice-president of the Northwestern National Bank of Minneapolis, was elected president of the Minnesota Loan & Trust Company of Minneapolis at the annual meeting on May 10, succeeding E. A. Merrill, who declined re-election. Mr. Merrill was the organizer of the institution and had been at its head since its establishment in 1883. His intention to relinquish the presidency was made known some time since to the directors, who have induced him to remain identified with the company as chairman of its board of directors. Under arrangements perfected last year, the Minnesota Loan & Trust and the North-

western National Bank are closely affiliated. Mr. Decker, the new president of the trust company, will continue as vice-president of the bank.

—The North Side State Bank of Minneapolis, organized with a capital of $50,000, began business May 3 at Washington and Plymouth avenues, North. H. J. Dahn is president and W. H. Dahn is cashier.

—Conservative methods win every time. The latest statement of the Wisconsin National Bank of Milwaukee, dated March 29, bears out this statement. Capitalized

Home of the Wisconsin National Bank of Milwaukee

for $2,000,000, with surplus and undivided profits of $1,281,973, this institution carries $12,835,987 of loans and discounts, and reports $16,875,295 of deposits. It pays interest on certificates of deposit and savings accounts. The splendid building reproduced here is owned by the Wisconsin National Bank.

—Another small Minneapolis bank, the Minnehaha State Bank, commenced business early in May. It has $30,000 capital and is under the management of John S. Tucker, president; Isaac Hazlett, vice-president, and F. E. Worden, cashier. The institution has temporary quarters at 4144 Twenty-fifth street.

—The National Bank of Commerce, Kansas City, Mo., reports deposits of $22,073,-926, surplus and undivided profits of $553,-521 and total resources of $26,618,444.

—R. T. Forbes, president of the Drovers Trust Company of Chicago, has been elected president of the First National Bank of St. Joseph, Mo.

—Stockholders of the Fifth-Third National of Cincinnati have approved the increase in the capital from $2,750,000 to $3,000,000. The new stock goes to present shareholders at $200 a share, in the proportion of one share of new for every eleven of old.

WESTERN STATES

—The Arkansas Bankers' Association closed its annual convention at Fort Smith, April 28, with the election of George R. Wood, cashier of the Citizens Bank of Van Buren, as president of the association. A. D. Foster, cashier of the Merchants & Planters Bank of Pine Bluff, was elected vice-president; Robert E. Wait of Little Rock, secretary, and F. M. Smith, cashier of the First National of De Queen, treasurer.

Among the important papers read was that of J. S. Pollock, vice-president of the Exchange National of Little Rock, on "The Clearing House and Its Possibilities." Ed-

ward L. Quarles, secretary of the Southern Commercial Congress, with headquarters at Washington, D. C., gave a talk on the objects of the congress. The convention gave considerable discussion to the encouragement of agriculture in the State. Eureka Springs was selected for the 1911 convention.

—On May 11, 1910, the Citizens Bank of Hope, Ark., reported as follows: Capital, \$70,000; surplus and profits, \$38,813; deposits, \$207,164; total resources, \$315,977.

—The organization of the Corn Exchange Bank of Omaha, Neb., as a national institution has been perfected. Its conversion to the Federal system is effected under the name of the Corn Exchange National Bank, its capital remaining at \$300,000. As a reorganization of the Hayden Brothers Bank, the Corn Exchange Bank began business in July, 1909. Joseph Hayden is president; T. E. Stevens, vice-president, and J. W. Thomas, cashier.

PACIFIC STATES

—The consolidation of the Puget Sound National Bank of Seattle, Wash., with the Seattle National Bank, which was ratified by the stockholders in January, became effective on May 16. The merger is accomplished under the name of the Seattle National, in whose quarters the consolidated bank will be located. The enlarged institution has a capital of \$1,000,000 and a surplus of \$200,000. The officers are: E. W. Andrews, president; Jacob Furth, chairman of the board; F. K. Struve, J. W. Maxwell and E. G. Ames, vice-presidents; R. V. Ankeny, cashier; C. L. Lamping, Homer McDonald, C. L. LaGrave and William S. Peachy, assistant cashiers.

—The capital of the First National Bank of Seattle has been increased from \$150,000 to \$300,000 through the declaration in January of a dividend of 100 per cent. The surplus now stands at \$60,000 and the undivided profits at \$15,000.

—Joel E. Ferris, for the last two years manager of the bond department of the Union Trust Company of Spokane, has been appointed assistant secretary of the company. James C. Cunningham is secretary and treasurer of the company, and Frank C. Paine is first assistant secretary.

Mr. Ferris will relieve these officials of part of their duties, will also direct the management of the bond department.

—The eleventh annual meeting of the stockholders of the Mercantile Trust Company of San Francisco, was held recently. The reports presented showed that the corporation enjoyed a very prosperous year, the net earnings, in excess of all expenses and taxes, being in excess of $300,000. Dividends of $200,000 were paid during the year. On March 5, 1910, the business of the banking department was transferred to the Mercantile National of San Francisco. an allied institution.

—The Central National of Oakland, Cal., has taken over the Syndicate Bank of that city. The latter institution has a paid up capital of about $150,000, with deposits of $350,000. It was largely owned by F. M. Smith, the "Borax King," who is also a large stockholder in the Central National.

—The People's Savings Bank of Sacramento, Cal., recently increased its paid-in capital from $328,000 to $410,000. The bank reduced its surplus fund $82,000, crediting that amount to the capital stock. The authorized capital of the institution is $500,000.

CANADA

—Net profits of La Banque Nationale, for the year ending April 30, amounted to $257,917, or nearly thirteen per cent. on the capitalization of the bank. Out of the earnings the sum of $139,000 was paid in dividends at the rate of seven per cent. per annum, while $5,000 was added to the pension fund. To the reserve was added $150,000, making this fund now $1,200,000, as against a capital of $2,000,000. The amount of $26,000 was carried forward to profit and loss account, while the deposits of all kinds show a total of $10,782,000.

Owing to increased business the Banque Nationale will shortly increase the capital by at least a million dollars to three million dolars.

—The net earnings of the Sterling Bank for the past year were $92,832. The capital is given at $962,467, while the reserve fund amount to $286,616. The sum of $74,244 has been transferred to the reserve account, $50,000 of this coming from the profits and

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the balance from premiums on capital stock sold.

—The feature of the half-yearly statement of the Bank of Montreal is the all-round improvement and expansion in all the vital departments of the bank; accompanied, however, by a falling off in net earnings.

The notes of the bank in circulation have increased by about a million and a half, the deposits not bearing interest by over five millions, the deposits bearing interest by between nineteen and twenty millions, and the current loans by nearly twenty-two million dollars.

Net earnings for the half year are reported to be $797,765.

—The statement of the Imperial Bank of Canada for the year ending April 30 shows profits of $702,508, or 14.05 per cent. upon the paid-up capital, $5,000,000. The annual general meeting was held on May 25.

BANKS CLOSED AND IN LIQUIDATION

ALABAMA.

Jackson—First National Bank; in liquidation April 18.

CONNECTICUT.

Hartford—Farmers & Mechanics National Bank; in liquidation. April 9.

ILLINOIS.

Chicago—Hamilton National Bank; in liquidation March 30.

KENTUCKY.

West Liberty—First National Bank; in liquidation April 12.

LOUISIANA.

Patterson—First National Bank; in liquidation January 11.

MAINE.

Hallowell—Hallowell National Bank; in liquidation April 4. Northern National Bank; in liquidation April 4.

MARYLAND.

Charlestown—Second National Bank; charter expired by limitation.

MISSISSIPPI.

Poplarville—National Bank of Poplarville; in liquidation April 1.

Shaw—First National Bank; in liquidation April 25.

MISSOURI.

Liberal—First National Bank; in liquidation May 9

NORTH DAKOTA.

Drake—First National Bank; in liquidation March 22.

OKLAHOMA.

Bartlesville—American National Bank; in liquidation April 4.

TEXAS.

Carthage—Merchants & Farmers National Bank; in liquidation April 11.

LEFT ALONE IN A COLD WORLD

SAMUEL McROBERTS, now vice-president of the National City Bank, of New York, was standing with a fellow student, John Titsworth, at the Ann Arbor Railroad station at the end of the term during one of his last years at the University of Michigan. McRoberts noticed that an old man at the other end of the platform was crying as if his heart would break. He moved toward the aged man, intent upon offering condolence.

"I beg your pardon," began McRoberts, "but may I inquire what is wrong?"

"Yes," said the old man, checking his sobs, "I just got word that my father has died over in the next county, and now—now I'm an orphan."

"Why, how old are you?" asked McRoberts.

"Seventy-two," and the feeble old man broke out afresh with lamentations.

"Well, sir," said McRoberts, "I think you have one consolation. I don't doubt that you are one of the oldest orphans in this country—that ought to mean something to you in your sorrow."

AN IMPORTANT DECISION

ATTORNEY-GENERAL BELL of the State of Washington has given out an opinion that no banks and trust companies or other corporations can accept a fee or commission for paying loan insurance companies' funds, if officers of such banks are also officers of the insurance company. He also rules in the same opinion that an officer of the insurance company may deposit the company's funds in a bank of which he is also an officer, without violating the law, so long as the bank does not pay a fee or commission for the deposit.

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